Independent Auditor's Report

Walker Chandiok & Co LLP
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To the Members of Norlanka Brands Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Norlanka Brands Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period 3 December 2020 to 31 March 2021, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its loss, its cash flows and the changes in equity for the period 3 December 2020 to 31 March 2021.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but 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 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.

   The Directors' Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. 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.

7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such 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;

- 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;

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

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration for the period 3 December 2020 to 31 March 2021. Accordingly, reporting under Section 197(16) of the Act is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the period 3 December 2020 to 31 March 2021 and our report dated 27 May 2021 as per Annexure II, expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period 3 December 2020 to 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACM7044

Bengaluru
27 May 2021

Annexure I to the Independent Auditor's Report of even date to the members of Norlanka Brands Private Limited, on the Financial Statements for the period 3 December 2020 to 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders for the period 3 December 2020 to 31 March 2021. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding for the period 3 December 2020 to 31 March 2021. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.

(xiv) During the period 3 December 2020 to 31 March 2021, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACM7044

Bengaluru
27 May 2021

Annexure II to the Independent Auditor's Report of even date to the members of Norlanka Brands Private Limited, on the Financial Statements for the period 3 December 2020 to 31 March 2021

Independent Auditor's report on the internal financial controls with reference to the consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Norlanka Brands Private Limited ('the Company') as at and for the period 3 December 2021 to 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACM7044

Bengaluru
27 May 2021

Norlanka Brands Private Limited
Balance Sheet as at March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

Particulars	Note no.	As at March 31, 2021
Assets		
I. Current assets		
(a) Financial assets		
(i) Cash and cash equivalents	5	18.94
(b) Other current assets	4	1.79
Total current assets		**20.73**
Total assets		**20.73**
II. Equity and liabilities		
Equity		
(a) Equity share capital	6	5.00
(b) Other equity	7	(27.46)
Total equity		**(22.46)**
Liabilities		
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	8	30.00
(ii) Trade payables	10	
- Total outstanding dues to micro enterprises and small enterprises		1.76
- Total outstanding dues to parties other than micro enterprises and small enterprises		2.35
(ii) Other financial liabilities	9	8.11
(b) Other current liabilities	11	0.97
Total current liabilities		**43.19**
Total equity and liabilities		**20.73**
Summary of significant accounting policies and explanatory information thereon	3	

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

Bengaluru
May 27, 2021

For and on behalf of Board of Directors of
Norlanka Brands Private Limited

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Ghanshyam Periwal
Director
DIN 08737000

Bengaluru
May 27, 2021

Norlanka Brands Private Limited
Statement of Profit and Loss for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

	Particulars	Note no.	For the period December 3, 2020 to March 31, 2021
I	Revenue from operations		-
II	Other income		-
III	**Total income (I+II)**		**-**
IV	**Expenses**		
	(a) Employee benefit expense	12	18.51
	(b) Finance costs	13	0.45
	(c) Other expenses	14	8.50
	Total expenses (IV)		**27.46**
V	**Loss before tax (III-IV)**		**(27.46)**
VI	**Tax expense**		-
VII	**Loss for the period (V-VI)**		**(27.46)**
VIII	**Other comprehensive income**		
(A)	(i) Items that will not be reclassified to profit or loss		
(B)	(i) Items that will be reclassified to profit or loss		-
	Other comprehensive income for the period, net of tax		**-**
IX	**Total comprehensive loss for the period (VII + VIII)**		**(27.46)**
X	**Earnings per share: (face value of ₹ 10 per share)**	15	
	1) Basic (amount in ₹)		(168.45)
	2) Diluted (amount in ₹)		(168.45)
	Summary of significant accounting policies and explanatory information thereon	3	

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
Norlanka Brands Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

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Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Ghanshyam Periwal
Director
DIN 08737000

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

Norlanka Brands Private Limited
Statement of changes in equity for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Equity shares issued during the period	10,000	1.00
Balance as at March 31, 2021	10,000	**1.00**

B. Other equity

Particulars	Total
Loss for the period	(27.46)
Other comprehensive income for the period, net of tax	-
Balance as at March 31, 2021	**(27.46)**

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

Bengaluru
May 27, 2021

For and on behalf of Board of Directors of
Norlanka Brands Private Limited

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Ghanshyam Periwal
Director
DIN 08737000

Bengaluru
May 27, 2021

Norlanka Brands Private Limited
Statement of Cash Flow for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

Particulars		For the period December 3, 2020 to March 31, 2021
Cash flows from operating activities		
Loss before tax		(27.46)
Adjustments for:		
Finance costs		0.45
Operating loss before change in working capital		**(27.01)**
Movement in working capital:		
Change in trade payables and other current liabilities		5.08
Change in other current financial liabilities		8.11
Change in other current assets		(1.79)
Cash outflow from operations		**(15.61)**
Direct tax (paid)/ refund received		-
Net cash outflow from operating activities	**(A)**	**(15.61)**
Cash flows from financing activities		
Proceed from issue of equity share capital		5.00
Proceeds from borrowings		30.00
Interest paid		(0.45)
Net cash inflow from financing activities	**(B)**	**34.55**
Net increase in cash and cash equivalents (A+B)		**18.94**
Cash and cash aquivalents at the beginning of the year (refer note 5)		-
Cash and cash equivalent at the end of the year (refer note 5)		**18.94**
Components of cash and cash equivalents		
Balances with bank - on current account		18.94
Cash and cash equivalent at the end of the year (refer note 5)		**18.94**

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
Norlanka Brands Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Ghanshyam Periwal
Director
DIN 08737000

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

Note 1: Corporate information

Norlanka Brands Private Limited is a Public Limited Company (hereinafter referred as 'the Company') domiciled in India and has its registered office at 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bengaluru - 560102, Karnataka. The Company is engaged in trading of ready to wear apparels, providing services to group companies engaged in the export of ready to wear apparels and sourcing & distribution of their products.

The financial statements of the Company for the period December 3, 2020 to March 31, 2021 were approved by the Board of Directors and authorized for issue on May 27, 2021.

Note 2: Statement of compliance

The financial statements have been prepared as a going concern in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable.

The accounting policies are applied consistently to all the periods presented in the financial statements.

Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in ₹ and all values are rounded to the nearest Lakhs except otherwise stated.

Recent accounting pronouncement

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

a) Balance Sheet:

Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.

Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters.

b) Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the financial statements.

The Company will evaluate the same to give effect to them as required by law.

Note 3: Significant accounting policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Judgements:

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Estimates and underlying assumptions are reviewed at each balance sheet date. Such changes are reflected in the assumptions when they occur.

i) Income taxes

The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ii) Contingencies

Contingent Liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By virtue of their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

iii) Recoverability of deferred taxes

In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

iv) Defined benefit plans

The present value of the gratuity and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes.

v) Impairment of long lived assets

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. The Company assesses impairment of long lived assets which are recorded at cost. At the time when there are any indications that such assets have suffered a loss, if any, is recognised in the Statement of Profit and Loss.

b) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on a current/ non-current classification.

Assets:

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle.

ii) Held primarily for the purpose of trading

iii) Expected to be realised within twelve months after the reporting period, or

iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) **Property, plant and equipment (PPE) and Investment property**

Property, plant and equipment, capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 and loss within other income or expense (as applicable).

Decommissioning costs: The present value of expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent Costs: The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

Capital work in progress: Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Depreciation: Depreciation on PPE, except leasehold improvements, is provided on straight-line method over the useful lives of assets as per Schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit and Loss. Leasehold improvements are amortised over the lease term or the remaining useful life of the assets whichever is lower.

d) Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation: Intangible assets, with infinite lives, are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. Specialized softwares are amortized over a period of 3 years or license period whichever is earlier.

e) Foreign currency transaction

Functional and presentation currency

The Company's financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in ₹ except where otherwise stated.

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost are not retranslated.

f) Revenue recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Recognizing revenue from major business activities

(i) Rendering of services

Income from Information technology and information technology enabled services rendered to group companies are recognized as the services are rendered in accordance with the terms of respective arrangements.

Other income

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

ii) Any Other Income is recognized on an accrual basis.

g) Employee's Benefits

Short Term Employee Benefits: All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages, bonus and ex-gratia etc. are recognised in Statement of profit and loss in the period in which the employee renders the related service.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts. Provident Fund and Employee State Insurance Schemes are defined contribution plans and contributions paid / payable are recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.
The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.
Re-measurements, comprising actuarial gains and losses including, the effect of the changes to the asset ceiling (if applicable), is reflected immediately in Other Comprehensive Income in the Statement of Profit and Loss. All other expenses related to defined benefit plans are recognised in Statement of Profit and Loss as employee benefit expenses. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

h) <u>Provisions, Contingent liabilities and Contingent assets</u>

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance
Contingent liability is disclosed in the case of;
i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;
ii) a present obligation arising from past events, when no reliable estimate is possible.
Contingent assets are neither recognised nor disclosed. However,when realisation of income is virtually certain, related asset is recognised.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted where necessary to reflect the current best estimate of obligation or asset.

i) <u>Financial instruments</u>

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

(a) Financial assets

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit or loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

(ii) Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:
- Financial Asset carried at amortised cost
- Financial Asset at fair value through other comprehensive income (FVTOCI)
- Financial Asset at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

•Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial asset at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial asset at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

• Equity investment

Investments representing equity interest in associates/ subsidiary are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:
(i) The contractual rights to receive cash flows from the asset has expired, or
(ii) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, security deposits received etc.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

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

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

l) Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks ofdefault occurring as the weights. Credit loss is the difference between all contractual cashflows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 Revenue from contracts with customers, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised after initial recognition of receivables. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-months ECL.

m) Impairment of non-financial assets

Non- financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

o) Taxes on income

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Earnings per share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

r) Segment reporting

The Company has the policy of reporting the segments in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision maker is considered to make strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 4 : Other current assets	**As at March 31, 2021**
(Unsecured, considered good, unless otherwise stated)	
Balance with government authorities	0.60
Prepaid expenses	1.19
Total	**1.79**

Note 5 : Cash and cash equivalents	
Balances with banks:	
- Current account	18.94
Total	**18.94**

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 6 : Share capital	**As at March 31, 2021**
Authorised	
100,000 equity shares of ₹ 10 each*	10.00
	10.00
Issued, subscribed and paid up	
50,000 equity shares of ₹ 10 each*	5.00
Total	**5.00**

a) Reconciliation of issued and subscribed share capital:

	No. of shares*	**Amount**
Issued during the period	50,000	5.00
Balance as at March 31, 2021	50,000	1.00

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. However, no dividend is proposed by the Board of Directors and no amount is recognised as available for distribution to equity shareholders during the year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Particulars	**As at March 31, 2021**	
	No. of shares*	**Holding %**
PDS Multinational Fashions Limited - Holding company	37,500	75%
Mr. Ghanshyam Periwal	12,500	25%

* The Number of shares are given in absolute numbers.

Note 7 : Other equity	**As at March 31, 2021**
Loss for the period	(27.46)
Other comprehensive income for the period, net of tax	-
Balance as at the end of the period	**(27.46)**

Note : For details, refer 'the Statement of changes in equity'

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 8 : Borrowings	As at March 31, 2021
Current	
Unsecured loan	
From related party (refer note 16)	30.00
Total	**30.00**

Note 9 : Other current financial liabilities	
Employee dues	7.66
Interest accrued and due on borrowings from related party (refer note 16)	0.45
Total	**8.11**

Note 10 : Trade payables	
- Outstanding dues to Micro Enterprises and Small Enterprises (refer note 'b' below)	1.76
- Others	2.35
Total	**4.11**

a) Trade payables are non-interest bearing and are normally settled on 60 day terms, except for Micro and Small Enterprises (if any) which are settled within 45 days.

b) As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

- the principal amount (March 31, 2021: Nil) and the interest (March 31, 2021: Nil) due thereon remaining unpaid to any supplier at the end of each accounting year;	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-

c) The amount does not include any amount due to be transferred to Investor Protection and Education fund.

d) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.

Note 11 : Other current liabilities	As at March 31, 2021
Statutory dues	0.97
Total	**0.97**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 12 : Employee benefits expense	**For the period December 3, 2020 to March 31, 2021**
Salaries, wages and bonus	18.51
Total	**18.51**

Note 13 : Finance cost	
Interest expense on loan from related party (refer note 15)	0.45
Total	**0.45**

Note 14 : Other expenses	
Business promotion expense	1.33
Consultancy expense	2.26
Legal and professional expenses	2.67
Recruitment expense	1.52
Rates and taxes	0.09
Travelling and conveyance	0.13
Auditor's remuneration (refer note 'a' below)	0.50
Total	**8.50**

a) Details of payment made to auditors is as follows: (excluding taxes)	
As auditor:	
- Statutory audit fee	0.50
Total	**0.50**

Note 15 : Earnings per share (EPS)

Earning per share (EPS) is determined based on the net profit attributable to the shareholder before other comprehensive Income. Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year whereas diluted earnings per share is computed using the weighted average number of common and dilutive equivalent shares except for the case where the result becomes anti- dilutive.

Particulars	
Loss attributable to the equity holders	(27.46)
Weighted average number of equity shares for basic and diluted EPS	16,301
Basic and diluted earnings per share(in ₹) (face value ₹ 10 per share)	**(168.45)**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 16 : Related party

a) List of related parties

Name of related party	Nature of relationship
PDS Multinational Fashions Limited	Holding company
Dizbi Private Limited	Fellow subsidiary
Mr. Omprakash Makam Suryanarayan Setty (Director)	Key Managerial Personnel
Mr. Ghanshyam Periwal (Director)	

b) Transactions with related parties

Name of related party	Relationship	Nature of transaction	For the period December 3, 2020 to March 31, 2021
Dizbi Private Limited	Fellow subsidiary	Borrowings	30.00
	Fellow subsidiary	Interest on borrowings	0.45

c) Year end payable balances of related parties

Name of related party	Relationship	Nature of transaction	As at March 31, 2021
Dizbi Private Limited	Fellow subsidiary	Borrowings	30.00
	Fellow subsidiary	Accrued interest on borrowings	0.45

d) Terms and conditions of transactions with related parties: All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions.

Note 17: Capital management

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.
The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.
The Company policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company monitors capital structure using gearing ratio, which is calculated as under:

Particulars	As at March 31, 2021
Borrowings (refer note 8)	30.00
Less: Cash and cash equivalents (refer note 5)	18.94
Adjusted net debt (A)	**48.94**
Equity share capital (refer note 6)	5.00
Other equity (refer note 7)	(27.46)
Total capital (B)	**(22.46)**
Capital and net debt (A+B)	**26.48**
Gearing ratio [A/(A + B)]	**185%**

a) For the purpose of capital management, capital includes issued equity capital and all other reserves attributable to the equity shareholders of the Company.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 18 : Fair value disclosure

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments,carrying value of financial assets and financial liabilities including trade receivable, cash and cash equivalent, other bank balances, other financial assets, trade payables, borrowings, other financial liabilities etc. represent the best estimate of fair value.
The management assessed that fair value of these financial assets and liabilities significantly approximate their carrying amount.

a) Fair value of financial assets:

	Carrying values	Fair values
	As at March 31, 2021	As at March 31, 2021
Financial assets measured at amortised cost		
Cash and cash equivalents (refer note 5)	18.94	18.94
Total	**18.94**	**18.94**

b) Fair value of financial liabilities:

	Carrying values	Fair values
	As at March 31, 2021	As at March 31, 2021
Financial liabilities measured at amortised cost		
Trade payables (refer note 10)	4.11	4.11
Borrowings (refer note 8)	30.00	30.00
Employee payable (refer note 9)	7.66	7.66
Interest accrued and due on borrowings from related party (refer note 9)	0.45	0.45
Total	**42.22**	**42.22**

Note 19 : Fair value Hierarchy
Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.
Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company does not have any financial instruments measured at fair value.

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 20: Financial risk management objectives and policies

The Company’s activities expose it to market risk (foreign exchange), liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis regularly monitoring and follow ups	Timely settlement of receivables
Liquidity risk	Other financial liabilities	Cash flow forecasts	Cash flow management ensuring liquidity
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian Rupees	Cash flow forecasting sensitivity analysis	Regular monitoring of forex fluctuations

A. Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates associated with it's direct and indirect transactions denominated in foreign currency. Since most of the transactions of the company are denominated in its functional currency (₹), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

Market risk exposures are measured using sensitivity analysis.

i) Foreign currency risk

The Company does not have any international transactions and is not exposed to foreign exchange risk arising from foreign currency transactions.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk table:

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

As at March 31, 2021	Less than 12 months	1 to 5 years	> 5 years	Total
Trade payables (refer note 10)	4.11	-	-	4.11
Borrowings (refer note 8)	30.00	-	-	30.00
Employee payable (refer note 9)	7.66	-	-	7.66
Interest accrued and due on borrowings from related party (refer note 9)	0.45	-	-	0.45
Total	**42.22**	**-**	**-**	**42.22**

C. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk etc.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to credit risk of the Company is represented by the carrying amount of each financial asset in the statement of financial position.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 21 : Commitments and Contingencies

(a) Commitments
Estimated amount of contracts remaining to be executed on capital account (net of advances) and which have not been provided for in the financial statements amounts to Nil. The Company does not have any other long term commitments or material non cancellable contractual committments which may have a material impact on the financial statements.

(b) Contingencies
There is no contingent liability as at March 31, 2021.

Note 22: Subsequent Events

No material events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2021.

Note 23: Figures have been rounded off to the nearest ₹ in lakhs, except otherwise stated.

Note 24: Comparatives
The company was incorporated on December 3, 2020 and these financial statements cover the first financial year of the company. Accordingly, the requirement to disclose the comparatives is not applicable.

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

Bengaluru
May 27, 2021

For and on behalf of Board of Directors of
Norlanka Brands Private Limited

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Ghanshyam Periwal
Director
DIN 08737000

Bengaluru
May 27, 2021

Walker Chandiok & Co LLP
5th Floor, No.65/2, Block “A”,
Bagmane Tridib, Bagmane
Tech Park, C V Raman Nagar,
Bengaluru 560093

T +91 80 4243 0700
F +91 80 4126 1228

Independent Auditor’s Report

To the Members of DIZBI Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of DIZBI Private Limited (‘the Company’), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period 23 May 2020 to 31 March 2021, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (‘Act’) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards (‘Ind AS’) specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the for the period 23 May 2020 to 31 March 2021.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India (‘ICAI’) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor’s Report thereon

4. The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Directors’ Report, but 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 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.

   The Directors’ Report is not made available to us at the date of this auditor’s report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company’s Board of Directors. The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. 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.

7. Those Board of Directors is also responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such 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;

- 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;

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

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the period 23 May 2020 to 31 March 2021. Accordingly, reporting under Section 197(16) of the Act is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the period 23 May 2020 to 31 March 2021 ended on that date and our report dated 27 May 2021 as per Annexure II, expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period 23 May 2020 to 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACL4018

Bengaluru
27 May 2021

Annexure I to the Independent Auditor's Report of even date to the members of DIZBI Private Limited, on the Financial Statements for the period 23 May 2020 to 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the period 23 May 2020 to 31 March 2021, however, there is a regular program of verification once in 2 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
.
(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has granted unsecured loans to Company covered in the register maintained under Section 189 of the Act; and with respect to the same:
(a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest
(b) the schedule of repayment of principal and payment of interest has been stipulated and the repayment/ receipts of the principal amount and the interest are regular;
(c) there is no overdue amount in respect of loans granted to such Company.

(iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the period 23 May 2020 to 31 March 2021. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the period 23 May 2020 to 31 March 2021. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.

(xiv) During the period 23 May 2020 to 31 March 2021, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACL4018

Bengaluru
27 May 2021

Annexure II to the Independent Auditor's Report of even date to the members of DIZBI Private Limited, on the Financial Statements for the period 23 May 2020 to 31 March 2021

Independent Auditor's report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of DIZBI Private Limited ('the Company') as at and for the period 23 May 2020 to 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

-sd/-
Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAACL4018

Bengaluru
27 May 2021

DIZBI Private Limited
Balance Sheet as at March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

Particulars	Note no.	As at March 31, 2021
Assets		
I. Non-current assets		
(a) Property, plant and equipment	4	2.17
(b) Other intangible assets	5	183.97
(c) Intangible assets under development	6	16.56
Total non-current assets		**202.70**
Current assets		
(a) Financial assets		
(i) Trade receivables	10	13.06
(ii) Cash and cash equivalents	11	16.01
(iii) Other financial assets	7	30.45
(b) Current tax assets (net)	8	2.05
(c) Other current assets	9	81.66
Total current assets		**143.23**
Total assets		**345.93**
II. Equity and liabilities		
Equity		
(a) Equity share capital	12	1.00
(b) Other equity	13	29.15
Total equity		**30.15**
Liabilities		
Non-current liabilities		
(a) Provisions	15	7.04
(b) Deferred tax liabilities (net)	18	3.34
Total non-current liabilities		**10.38**
Current liabilities		
(a) Financial liabilities		
(i) Trade payables	16	
- Total outstanding dues to micro enterprises and small enterprises		-
- Total outstanding dues to parties other than micro enterprises and small enterprises		54.95
(ii) Other financial liabilities	14	227.63
(b) Other current liabilities	17	15.43
(c) Provisions	15	7.39
Total current liabilities		**305.40**
Total equity and liabilities		**345.93**
Summary of significant accounting policies and explanatory information thereon	3	

The accompanying notes form an integral part of these financial statements
As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
DIZBI Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Narayanarao Dakavarapu Suresh
Director
DIN 03582965

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

DIZBI Private Limited
Statement of Profit and Loss for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

	Particulars	Note no.	For the period May 23, 2020 to March 31, 2021
I	Revenue from operations	19	495.60
II	Other income	20	0.45
III	**Total income (I+II)**		**496.05**
IV	**Expenses**		
	(a) Employee benefit expense	21	130.38
	(b) Depreciation and amortization expense	22	35.35
	(c) Other expenses	23	290.45
	Total expenses (IV)		**456.18**
V	**Profit before tax (III-IV)**		**39.87**
VI	**Tax expense:**	25	
	(a) Current tax		7.38
	(b) Deferred tax charge		3.34
	Total tax expense		**10.72**
VII	**Profit for the period (V-VI)**		**29.15**
VIII	**Other comprehensive income**		
(A)	(i) Items that will not be reclassified to profit or loss		
	(a) Re-measurement (losses) on defined benefit plans		-
	(ii) Income tax on items that will not be reclassified to profit or loss		-
(B)	(i) Items that will be reclassified to profit or loss		-
	(ii) Income tax on items that will be reclassified to profit or loss		-
	Other comprehensive income for the period, net of tax		**-**
IX	**Total comprehensive income for the period (VII + VIII)**		**29.15**
X	**Earnings per share: (face value of ₹ 10 per share)**	24	
	1) Basic (amount in ₹)		339.93
	2) Diluted (amount in ₹)		339.93

Summary of significant accounting policies and explanatory information thereon — 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
DIZBI Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Narayanarao Dakavarapu Suresh
Director
DIN 03582965

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

DIZBI Private Limited
Statement of changes in equity for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

A. Equity share capital

Particulars	**Number of shares**	**Amount**
Equity shares issued during the period	10,000	1.00
Balance as at March 31, 2021	10,000	**1.00**

B. Other equity

Particulars	**Total**
Profit for the period	29.15
Other comprehensive income for the period, net of tax	-
Balance as at March 31, 2021	**29.15**

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

Bengaluru
May 27, 2021

For and on behalf of Board of Directors of
DIZBI Private Limited

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Narayanarao Dakavarapu Suresh
Director
DIN 03582965

Bengaluru
May 27, 2021

DIZBI Private Limited
Statement of Cash Flow for the period ended March 31, 2021

(All amounts in ₹ in lakhs, unless otherwise stated)

Particulars		For the period May 23, 2020 to March 31, 2021
Cash flows from operating activities		
Profit before tax		39.87
Adjustments for:		
Depreciation and amortization expense		35.35
Interest income		(0.45)
Operating profit before change in working capital		**74.77**
Movement in working capital:		
Change in trade payables and other current liabilities		70.38
Change in other current financial liabilities		227.63
Change in provisions		7.05
Change in trade receivables		(13.06)
Change in other current assets		(81.66)
Change in other current financial assets		(30.00)
Cash generated from operations		**255.11**
Direct tax paid		(2.05)
Net cash inflow from operating activities	**(A)**	**253.06**
Cash flows from investing activities		
Purchase of property, plant and equipment, other intangible assets and intangible assets under development		(238.05)
Net cash outflow in investing activities	**(B)**	**(238.05)**
Cash flows from financing activities		
Proceed from issue of equity share capital		1.00
Net cash inflow from financing activities	**(C)**	**1.00**
Net increase in cash and cash equivalents (A+B+C)		**16.01**
Cash and cash aquivalents at the beginning of the period		-
Cash and cash equivalent at the end of the period (refer note 11)		**16.01**
Components of cash and cash equivalents		
Balances with bank - on current account		16.01
Cash and cash equivalent at the end of the period (refer note 11)		**16.01**

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
DIZBI Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Narayanarao Dakavarapu Suresh
Director
DIN 03582965

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

Note 1: Corporate information

DIZBI Private Limited (hereinafter referred as 'the Company') was incorporated on May 23, 2020 and has its registered office at No. 1637, Suprabha, 19th Cross, 4th Main, Sector 7, HSR Layout, Bengaluru - 560102, Karnataka. The Company is engaged in business of design, development, marketing, sales, export and import and service of software and hardware products and solutions including networking solutions, information technology infrastructure management, computer peripherals, firewall and antivirus, cloud computing e-commerce solutions and all kinds of information technology enabled services including software development, consultancy, outsourcing, training, support, maintenance, marketing and sales of all kinds of software products and applications, including cloud computing, mobile applications and web solutions, networking solutions.

The financial statements of the Company for the period May 23, 2020 to March 31, 2021 were approved by the Board of Directors and authorized for issue on May 27, 2021.

Note 2: Statement of compliance

The financial statements have been prepared as a going concern in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Companies Act, 2013, as applicable.

Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in ₹ and all values are rounded to the nearest Lakhs except otherwise stated.

Recent accounting pronouncement

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021.

a) Balance Sheet:

Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible assets under development.

Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters.

b) Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of the financial statements.

The Company will evaluate the same to give effect to them as required by law.

Note 3: Significant accounting policies

a) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Judgements:

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Estimates and underlying assumptions are reviewed at each balance sheet date. Such changes are reflected in the assumptions when they occur.

i) Income taxes
The Company is subject to income tax laws as applicable in India. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ii) Contingencies
Contingent Liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By virtue of their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

iii) Recoverability of deferred taxes
In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

iv) Defined benefit plans
The present value of the gratuity and compensated absences are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes.

v) Impairment of long lived assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. The Company assesses impairment of long lived assets which are recorded at cost. At the time when there are any indications that such assets have suffered a loss, if any, is recognised in the Statement of Profit and Loss.

b) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on a current/ non-current classification.

Assets:

An asset is treated as current when it is:

i) Expected to be realised or intended to be sold or consumed in normal operating cycle.
ii) Held primarily for the purpose of trading
iii) Expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is current when:

i) It is expected to be settled in normal operating cycle
ii) It is held primarily for the purpose of trading
iii) It is due to be settled within twelve months after the reporting period, or
iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) **Property, plant and equipment (PPE) and Investment property**

Property, plant and equipment, capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 and loss within other income or expense (as applicable).

Decommissioning costs: The present value of expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent Costs: The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

Capital work in progress: Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Depreciation: Depreciation on PPE, except leasehold improvements, is provided on straight-line method over the useful lives of assets as per Schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit and Loss. Leasehold improvements are amortised over the lease term or the remaining useful life of the assets whichever is lower.

Asset	Useful life
Computers	3 years
Computer software	3 years

d) **Intangible assets**

Recognition and measurement

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation: Intangible assets, with infinite lives, are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. Specialized softwares are amortized over a period of 3 years or license period whichever is earlier.

e) **Foreign currency transaction**

Functional and presentation currency

The Company's financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in ₹ except where otherwise stated.

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost are not retranslated.

f) **Revenue recognition**

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue excludes goods and service tax and is after deduction of any trade discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

Recognizing revenue from major business activities

(i) Rendering of services

Income from Information technology and information technology enabled services rendered to group companies are recognized as the services are rendered in accordance with the terms of respective arrangements.

Other income

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

ii) Any Other Income is recognized on an accrual basis.

g) **Employee's Benefits**

Short Term Employee Benefits: All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages, bonus and ex-gratia etc. are recognised in Statement of profit and loss in the period in which the employee renders the related service.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts. Provident Fund and Employee State Insurance Schemes are defined contribution plans and contributions paid / payable are recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses including, the effect of the changes to the asset ceiling (if applicable), is reflected immediately in Other Comprehensive Income in the Statement of Profit and Loss. All other expenses related to defined benefit plans are recognised in Statement of Profit and Loss as employee benefit expenses. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

h) Provisions, Contingent liabilities and Contingent assets

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance

Contingent liability is disclosed in the case of;

i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;

ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are neither recognised nor disclosed. However,when realisation of income is virtually certain, related asset is recognised.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted where necessary to reflect the current best estimate of obligation or asset.

i) Financial instruments

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

(a) Financial assets

(i) Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially recognised at fair value. In case of financial assets which are recognised at fair value through profit or loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

(ii) Classification and subsequent measurement

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

- Financial Asset carried at amortised cost
- Financial Asset at fair value through other comprehensive income (FVTOCI)
- Financial Asset at fair value through profit or loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

•Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial asset at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

•Financial asset at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

• Equity investment

Investments representing equity interest in associates/ subsidiary are carried at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

(i) The contractual rights to receive cash flows from the asset has expired, or

(ii) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, security deposits received etc.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

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

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously

l) <u>Impairment of financial assets</u>

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks ofdefault occurring as the weights. Credit loss is the difference between all contractual cashflows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 Revenue from contracts with customers, the Company applies simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected life time losses to be recognised after initial recognition of receivables. For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve-months ECL.

m) <u>Impairment of non-financial assets</u>

Non- financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non- financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the statement of profit and loss.

n) <u>Fair value measurement</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

o) Taxes on income

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p) Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Earnings per share (EPS)

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

r) Segment reporting

The Company has the policy of reporting the segments in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Operating Decision maker is considered to make strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 4 : Property, plant and equipment

Particulars	Computers
At cost	
Additions	2.44
Balance as at March 31, 2021	2.44
Accumulated Depreciation	
Additions	0.27
Balance as at March 31, 2021	0.27
Net block	
Balance at March 31, 2021	**2.17**

Note 5 : Other intangible assets

Particulars	Computer software
At cost	
Additions	219.05
Balance as at March 31, 2021	219.05
Accumulated Depreciation	
Additions	35.08
Balance as at March 31, 2021	35.08
Net block	
Balance at March 31, 2021	**183.97**

Note 6 : Intangible assets under development

Particulars	As at March 31, 2021
Intangible assets under development	16.56
Total	**16.56**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 7 : Other current financial assets	**As at March 31, 2021**
Loan receivable from related party (refer note 27)	30.45
Total	**30.45**

a)Unsecured loan receivable from Norlanka Brands Private Limited as at March 31, 2021 carries interest rate of 9% p.a.

Note 8 : Current tax assets(net)	
Advance income tax	2.05
Total	**2.05**

Note 9 : Other current assets	
(Unsecured, considered good, unless otherwise stated)	
Balance with government authorities	63.51
Others	0.98
Prepaid expenses	10.19
Advances to employees	6.39
Advances to suppliers	0.59
Total	**81.66**

Note 10 : Trade receivables	
(a) Trade receivable considered good - secured	-
(b) Trade receivable considered good - unsecured	13.06
(c) Trade receivable which have significant increase in credit risk	-
(d) Trade receivable - credit impaired	-
	13.06
Less: Allowance for expected credit loss	-
Total	**13.06**

a) The Company has no receivables which have significant increase in credit risk.
b) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.
c) Trade receivables due from related parties as at March 31, 2021 amounts to ₹ 13.06. (refer note 27)
d) Trade receivables are generally on terms of not more than 60 days.

Note 11 : Cash and cash equivalents	
Balances with banks:	
- Current account	16.01
Total	**16.01**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 12 : Share capital	As at March 31, 2021
Authorised	
50,000 equity shares of ₹ 10 each*	5.00
	5.00
Issued, subscribed and paid up	
10,000 equity shares of ₹ 10 each*	1.00
Total	**1.00**

a) Reconciliation of issued and subscribed share capital:

	No. of shares*	Amount
Issued during the period	10,000	1.00
Balance as at March 31, 2021	10,000	1.00

b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. However, no dividend is proposed by the Board of Directors and no amount is recognised as available for distribution to equity shareholders during the year. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2021	
	No. of shares*	**Holding %**
PDS Multinational Fashions Limited - Holding company	5,300	53%
Mr. Ghanshyam Periwal	3,300	33%
Mr. Narayanarao Dakavarapu Suresh	700	7%

* The Number of shares are given in absolute numbers.

Note 13 : Other equity	As at March 31, 2021
Profit for the period	29.15
Other comprehensive income for the period, net of tax	-
Balance as at the end of the period	**29.15**

Note : For details, refer 'the Statement of changes in equity'

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 14 : Other current financial liabilities	**As at March 31, 2021**
Employee dues	18.39
Dues to related party (refer note 27)	209.24
Total	**227.63**

Note 15 : Provisions	
Non-current	
- Gratuity (refer note 26)	7.04
Total (A)	**7.04**
Current	
- Gratuity (refer note 26)	0.01
- Income tax (net of advance tax)	7.38
Total (B)	**7.39**
Total (A+B)	**14.43**

Note 16 : Trade payables	
- Outstanding dues to Micro Enterprises and Small Enterprises (refer note 'b' below)	-
- Others	54.95
Total	**54.95**

a) Trade payables are non-interest bearing and are normally settled on 15-60 day terms, except for Micro and Small Enterprises (if any) which are settled within 45 days.

b) As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

- the principal amount (March 31, 2021: Nil) and the interest (March 31, 2021: Nil) due thereon remaining unpaid to any supplier at the end of each accounting year;	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-

c) The amount does not include any amount due to be transferred to Investor Protection and Education fund.

d) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.

Note 17 : Other current liabilities	
Statutory dues	5.17
Advance from customers (refer note 27)	10.26
Total	**15.43**

Note 18: Deferred tax	
Deferred tax assets	1.83
Deferred tax liabilities	(5.17)
Total deferred tax asset/(liabiities)	**(3.34)**

<u>Tax effect of items constituting deferred tax liabilities:</u>

Deferred tax assets relates to the following:	
Provision for employee benefits	1.83
Deferred tax liabilities relates to the following:	
Property, plant and equipment	5.17
Total deferred tax assets/(liabilities)	**(3.34)**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 19 : Revenue from operations	**For the period May 23, 2020 to March 31, 2021**
Sale of services	
- Information technology enabled services (refer note 27)	495.60
Total	**495.60**

Note 20 : Other income	
Interest income on loan to related party (refer note 27)	0.45
Total	**0.45**

Note 21 : Employee benefits expense	
Salaries, wages and bonus	120.30
Contribution to provident and other funds (refer note 26)	3.03
Gratuity expense (refer note 26)	7.05
Total	**130.38**

Note 22 : Depreciation and amortization expense	
Depreciation of property plant and equipment	0.27
Amortization of intangible assets	35.08
Total	**35.35**

Note 23 : Other expenses	
SAP expenses	104.38
Consulting expense	87.23
Legal and professional expenses	40.30
Cloud hosting charges	26.62
License fees	16.90
Foreign exchange fluctuation (net)	3.70
Recruitment expense	3.28
Advertisement and business promotion	1.77
Bank charges	1.61
Research and development expenses	1.51
Website maintenance charges	1.43
Miscellaneous expenses	1.23
Auditor's remuneration (refer note 'a' below)	0.50
Total	**290.45**

a) Details of payment made to auditors is as follows: (excluding taxes)	
As auditor:	
- Statutory audit fee	0.50
Total	**0.50**

Note 24 : Earnings per share (EPS)

Earning per share (EPS) is determined based on the net profit attributable to the shareholder before other comprehensive Income. Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year whereas diluted earnings per share is computed using the weighted average number of common and dilutive equivalent shares except for the case where the result becomes anti- dilutive.

Particulars	
Profit attributable to the equity holders	29.15
Weighted average number of equity shares for basic and diluted EPS	8,575
Basic and diluted earnings per share(in ₹) (face value ₹ 10 per share)	**339.93**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 25: Income Tax

Income tax expense in the Statement of Profit and Loss

The major components of income tax expense for the year ended March 31, 2021 are:

Statement of profit and loss:	**For the period May 23, 2020 to March 31, 2021**
Tax expense:	
a) Current tax	7.38
b) Deferred tax charge	3.34
Income tax expense reported in the Statement of Profit and Loss	**10.72**

Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for March 31, 2021:

Particulars	
Accounting profit before tax	**39.87**
At Company's statutory income tax rate of 26%	10.37
Others	0.35
At the effective income tax rate	**10.72**

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 26 : Employee benefit plans

a) Defined contribution plans

The Company makes contribution towards Employees Provident Fund. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised the following amounts in the Statement of Profit and Loss under Company's contribution to defined contribution plans.

Particulars	For the period May 23, 2020 to March 31, 2021
Employer's contribution to provident fund/ pension fund	3.03
Total	**3.03**

The contribution payable to these schemes by the Company are at the rates specified in the rules of the schemes.

b) Defined benefit plans

In accordance with Ind AS 19 "Employee benefits", an actuarial valuation on the basis of "Projected unit credit method" was carried out, through which the Company is able to determine the present value of obligations. "Projected unit credit method" recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to built up the final obligation.

i) Gratuity scheme

The Company has defined benefit gratuity plan. Gratuity is calculated as 15 days salary for every completed year of service or part thereof in excess of 6 months and is payable on retirement / termination/ resignation. The benefit vests on completing 5 years of service by the employee. The Company makes provision of such gratuity liability in the books of account on the basis of acturial valuation as per projected unit credit method.

c) The following tables summarize the components of net benefit expense recognised in the Statement of Profit and Loss and amounts recognised in the Balance Sheet for the defined benefit plan (viz. gratuity). These have been provided on accrual basis, based on year end actuarial valuation.

Particulars	As at March 31, 2021
Current service cost	7.05
Present value of obligation as at the end of the year	**7.05**

d) The Company expects to contribute ₹ 18.60 during the financial year 2021-2022.

e) The following tables summarise the net benefit expense recognised in the Statement of Profit and Loss:

Particulars	For the period May 23, 2020 to March 31, 2021
Current service cost	7.05
Components of defined benefit costs recognised in statement of profit and loss	**7.05**

f) Principal actuarial assumptions at the Balance Sheet date are as follows:

Particulars	
Economic assumptions	
1) Discount rate	6.76%
2) Future salary growth rate	9.00%
Demographic assumptions	
1) Retirement age	60 years
2) Mortality rate	**Indian Assured Lives Mortality (2012-14) (modified) ultimate**
3) Employee turnover / attrition rate	
Ages up to 30	5.00%
Ages from 31-44	3.00%
Above 44	2.00%

g) Net liabilities recognized in the Balance Sheet for benefit obligation

Particulars	As at March 31, 2021
Present value of obligation	7.05
Less: Fair value of plan assets	-
Net liability	**7.05**

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 26 : Employee benefit plans(cont'd)

h) A quantitative sensitivity analysis for significant assumption as is as shown below:

Particulars	**For the period May 23, 2020 to March 31, 2021**
A. Discount rate	
0.5% increase in discount rate	(0.55)
0.5% decrease in discount rate	0.61
B. Salary escalation rate	
0.5% increase in salary escalation rate	0.59
0.5% decrease in salary escalation rate	(0.54)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of the reporting period.
Sensitivities due to morality and withdrawals are not expected to be significant.

i) Description of Risk Exposures:

Salary Increases	Actual salary increases will increase the defined benefit liability. Increase in salary increase rate assumption in future valuations also increase the liability.
Discount Rate	Reduction in discount rate in subsequent valuations can increase the liability.
Morality and disability	Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan’s liability.
Investment Risk	If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability

j)The weighted average duration of the defined obligation as at March 31, 2021 on an average is 17.33 years.

k) Maturity profile of defined benefit obligation is as follows:

Particulars	**As at March 31, 2021**
1 year	0.01
2 to 6 years	0.52
More than 6 years	6.52

l) The estimates of future salary increases considered in acturial valuation take account of factors, such as supply and demand in the employment market.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 27 : Related party

a) List of related parties

Name of related party	Nature of relationship
PDS Multinational Fashions Limited	Holding company
Casa Collective Limited	Fellow subsidiary
Design Arc Asia Limited	Fellow subsidiary
Far East Vouge Limited	Fellow subsidiary
Green Apparels Industries Limited	Fellow subsidiary
Green Smart Shirts Limited	Fellow subsidiary
Grupo Sourcing Limited	Fellow subsidiary
Jcraft Array Limited	Fellow subsidiary
JJ Star Industrial Limited	Fellow subsidiary
Kleider Sourcing FZCO	Fellow subsidiary
Krayon Sourcing Limited	Fellow subsidiary
LillyandSid Limited	Fellow subsidiary
Multinational Textile Group Limited	Fellow subsidiary
Nor Lanka Manufacturing Colombo Limited	Fellow subsidiary
Norwest Industries Limited	Fellow subsidiary
PDS Asia Star Corporation Limited	Fellow subsidiary
PG Group Home Ltd	Fellow subsidiary
Poeticgem International Limited	Fellow subsidiary
Progress Manufacturing Group Limited	Fellow subsidiary
Simple Approach Limited	Fellow subsidiary
Sourcing Solutions Limited	Fellow subsidiary
Spring Near East Manufacturing Company Limited	Fellow subsidiary
Styleberry Limited	Fellow subsidiary
Techno Design HK Limited	Fellow subsidiary
Twins Asia Limited	Fellow subsidiary
Zamira Fashions Limited	Fellow subsidiary
Norlanka Brands Private Limited	Fellow subsidiary
Mr. Omprakash Makam Suryanarayan Setty (Director)	Key Managerial Personnel
Mr. Ghanshyam Periwal (Director)	
Mr. Narayanarao DakavarapuSuresh (Executive Director)	

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 27 : Related party (cont'd)

b) Transactions with related parties

Name of related party	Relationship	Nature of transaction	For the period May 23, 2020 to March 31, 2021
PDS Multinational Fashions Limited	Holding Company	Service income	27.30
		Asset transferred from PDS Multinational Fashions Limited	236.14
Casa Collective Ltd	Fellow subsidiary	Service income	2.93
Design Arc Asia Ltd	Fellow subsidiary	Service income	19.03
Far East Vouge Ltd	Fellow subsidiary	Service income	2.93
Green Apparels Industries Ltd	Fellow subsidiary	Service income	27.74
Green Smart Shirts Ltd	Fellow subsidiary	Service income	1.08
Grupo Sourcing Limited	Fellow subsidiary	Service income	1.47
Jcraft Array Limited	Fellow subsidiary	Service income	1.47
JJ Star Industrial Limited	Fellow subsidiary	Service income	7.33
Kleider Sourcing FZCO	Fellow subsidiary	Service income	4.39
Krayon Sourcing Limited	Fellow subsidiary	Service income	1.47
LillyandSid Limited	Fellow subsidiary	Service income	0.21
Multinational Textile Group Limited	Fellow subsidiary	Service income	97.91
Nor Lanka Manufacturing Colombo Limited	Fellow subsidiary	Service income	62.08
		Sap expense incurred on behalf of the company	8.07
Norwest Industries Limited	Fellow subsidiary	Service income	82.61
PDS Asia Star Corporation Limited	Fellow subsidiary	Service income	32.22
PG Group Home Limited	Fellow subsidiary	Service income	1.47
Poeticgem International Limited	Fellow subsidiary	Service income	30.75
Progress Manufacturing Group Limited	Fellow subsidiary	Service income	32.33
Simple Approach Limited	Fellow subsidiary	Service income	20.51
Sourcing Solutions Limited	Fellow subsidiary	Service income	2.92
Spring Near East Manufacturing Company Limited	Fellow subsidiary	Service income	5.86
Styleberry Limited	Fellow subsidiary	Service income	1.47
Techno Design HK Limited	Fellow subsidiary	Service income	11.71
Twins Asia Limited	Fellow subsidiary	Service income	2.93
Zamira Fashions Limited	Fellow subsidiary	Service income	13.48
Norlanka Brands Private Limited	Fellow subsidiary	Loan given	30.00
	Fellow subsidiary	Interest on loan given	0.45
Mr. Narayanarao Dakavarapu Suresh (Executive Director)	Key managerial personnel	Salary	41.68

c) Year end payable balances of related parties

Name of Related Party	Relationship	Nature of transaction	As at March 31, 2021
PDS Multinational Fashions Limited	Holding company	Payable for asset transferred from PDS Multinational Fashions Limited	209.24
Krayon Sourcing Limited	Fellow subsidiary	Advance received from customer	1.10
Nor Lanka Manufacturing Colombo Limited	Fellow subsidiary	Advance received from customer	8.07
Styleberry Limited	Fellow subsidiary	Advance received from customer	1.10

d) Year end receivable balances of related parties

Name of Related Party	Relationship	Nature of transaction	As at March 31, 2021
Jcraft Array Limited	Fellow subsidiary	Accounts receivable	0.44
Lilly and Sid Organic Collection	Fellow subsidiary	Accounts receivable	0.21
Multinational Textile Group Limited	Fellow subsidiary	Accounts receivable	9.19
Zamira Fashion Limited	Fellow subsidiary	Accounts receivable	3.22
Norlanka Brands Private Limited	Fellow subsidiary	Loan and interest receivable	30.45

e) Terms and conditions of transactions with related parties: All the transaction with the related parties are made on terms equivalent to those that prevail in arm’s length transactions.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 28: Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Note 29 : Fair value disclosure

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments,carrying value of financial assets and financial liabilities including trade receivable, cash and cash equivalent, other bank balances, other financial assets, trade payables, borrowings, other financial liabilities etc. represent the best estimate of fair value.
The management assessed that fair value of these financial assets and liabilities significantly approximate their carrying amount.

a) Fair value of financial assets:

	Carrying values	Fair values
	As at March 31, 2021	As at March 31, 2021
Financial assets measured at amortised cost		
Loan receivable from related party (refer note 7)	30.45	30.45
Trade receivables (refer note 10)	13.06	13.06
Cash and cash equivalents (refer note 11)	16.01	16.01
Total	**59.52**	**59.52**

b) Fair value of financial liabilities:

	Carrying values	Fair values
	As at March 31, 2021	As at March 31, 2021
Financial liabilities measured at amortised cost		
Trade payables (refer note 16)	54.95	54.95
Dues to related party (refer note 14)	209.24	209.24
Employee payable (refer note 14)	18.39	18.39
Total	**282.58**	**282.58**

Note 30 : Fair value Hierarchy

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.
Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company does not have any financial instruments measured at fair value.

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Note 31: Financial risk management objectives and policies

The Company’s activities expose it to market risk (foreign exchange), liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Ageing analysis regularly monitoring and follow ups	Timely settlement of receivables
Liquidity risk	Other financial liabilities	Cash flow forecasts	Cash flow management ensuring liquidity
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian Rupees	Cash flow forecasting sensitivity analysis	Regular monitoring of forex fluctuations

A. Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates associated with it's direct and indirect transactions denominated in foreign currency. Since most of the transactions of the company are denominated in its functional currency (₹), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.
Market risk exposures are measured using sensitivity analysis.

i) Foreign currency risk

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company’s functional currency.

The Company’s exposure to foreign currency risk at the end of the reporting period are as follows:

Particulars	Currency	As at March 31, 2021 ₹ lakhs
Trade receivable	USD	13.06
Net exposure in foreign currency		13.06

Foreign currency sensitivity
Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rate, with all other variables held constant.

The following table details the company's sensitivity [Gain/(Loss)] to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes unhedged receivables and payables in currency other than functional currency of the Company. A positive number below indicates an increase in profit or equity where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity.

Impact on Profit and loss and total equity	Change in rate	For the period May 23, 2020 to March 31, 2021
USD sensitivity		
Increase in foreign currency exchange rates	+5%	0.65
Decrease in foreign currency exchange rates	-5%	(0.65)

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity risk table:
The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

As at March 31, 2021	Less than 12 months	1 to 5 years	> 5 years	Total
Trade payables (refer note 16)	54.95	-	-	54.95
Dues to related party (refer note 14)	209.24	-	-	209.24
Employee payable (refer note 14)	18.39	-	-	18.39
Total	**282.59**	**-**	**-**	**282.59**

C. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk etc.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to credit risk of the Company is represented by the carrying amount of each financial asset in the statement of financial position.

Particulars	As at March 31, 2021
Trade receivables	
Less than 30 days	3.43
30 to 90 days	0.44
More than 90 days	9.19
Total	**13.06**

The total impairment loss amounting to Nil on trade receivables.

(All amounts in ₹ in lakhs, unless otherwise stated)

Note 32 : Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The Company provides inforrmation technology and information technology enabled services to its holding company and fellow subsidiaries. The disclosures as required under Ind AS 108 on operating segment reporting has not been provided as the Company deals in one business segment.

Entity wide disclosures

a. Revenue by Geography

Particulars	**For the period May 23, 2020 to March 31, 2021**
India	27.30
Outside India	468.30
Total	**495.60**

The Company is domiciled in India and all its non-current assets are located in/relates to India.

There are 3 customers during year ended March 31, 2021 who has contributed 10% or more to the Company's revenue.

b. Revenue by nature of products / services

Particulars	**For the period May 23, 2020 to March 31, 2021**
Sale of services	
- Information technology and Information technology enabled services (refer note 27)	495.60
Total	**495.60**

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 33: Revenue from contracts with customers

(i)Disaggregated revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

Particulars	Timing of revenue recognition	For the period May 23, 2020 to March 31, 2021
Sale of services	Over time	495.60
Total		**495.60**

(ii) Contract balances

Assets and liabilities related to contracts with customers:

Particulars	As at March 31, 2021
Trade receivables (refer note 10)	13.06
Contract Liability - Advance from Customers (refer note 17)	10.26

Trade receivables are non-interest bearing and are generally on terms of not more than 60 days. The Company has recognised Nil provision for expected credit loss on trade receivables during the year ended March 31, 2021.

Contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at reporting date for services rendered to customers. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Company's obligation to transfer goods or services to customer for which the Company has invoiced the customer or received advances from the customer for rendering of services. Contract liabilities are recognised as revenue as the Company performs under the contract.

The company does not have any contract asset as on March 31, 2021

Particulars	As at March 31, 2021
Advance received/(adjusted) from customers during the year, net	10.26
Contract liabilities at the end of the year	**10.26**

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

Revenue as per contract	495.60
Adjustments	-
Revenue from contract with customers	**495.60**

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(All amounts in ₹ in lakhs, unless otherwise stated)

Note 34 : Commitments and Contingencies

(a) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and which have not been provided for in the financial statements amounts to Nil. The Company does not have any other long term commitments or material non cancellable contractual committments which may have a material impact on the financial statements.

(b) Contingencies

There is no contingent liability as at March 31, 2021.

Note 35 : Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company regularly updates the documentation for the International transactions entered into with the associated enterprises during the period as required under law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

Note 36: Subsequent Events

No material events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2021.

Note 37: Figures have been rounded off to the nearest ₹ in lakhs except otherwise stated.

Note 38: Comparatives

The company was incorporated on May 23, 2020 and these financial statements cover the first financial year of the company. Accordingly, the requirement to disclose the comparatives is not applicable.

As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration Number: 001076N/N500013

For and on behalf of Board of Directors of
DIZBI Private Limited

sd/-
Aasheesh Arjun Singh
Partner
Membership Number: 210122

sd/-
Om Prakash Makam Suryanarayan
Director
DIN 01908522

sd/-
Narayanarao Dakavarapu Suresh
Director
DIN 03582965

Bengaluru
May 27, 2021

Bengaluru
May 27, 2021

Financial Statements and Independent Auditors' Report

Technocian Fashions Private Limited

31 March 2021

Walker Chandiok & Co LLP

Walker Chandiok & Co LLP
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Bagmane Tridib, Bagmane
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Independent Auditor's Report

To the Members of Technocian Fashions Private Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of Technocian Fashions Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, but 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 conclusion thereon.

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

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.

The Directors' Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. 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.

7. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing 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.

9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

WALKER CHANDIOK & CO LLP BENGALURU CHARTERED ACCOUNTANTS

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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

Report on Other Legal and Regulatory Requirements

11. Based on our audit, we report that the Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable.

12. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

13. Further to our comments in Annexure I, as required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying financial statements;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the financial statements dealt with by this report are in agreement with the books of account;

    d) in our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 21 June 2021 as per Annexure II, expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2021;

WALKER CHANDIOK & CO LLP
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CHARTERED ACCOUNTANTS

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and

iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAADA4516

Bengaluru
21 June 2021

WALKER CHANDIOK & CO LLP * BENGALURU * CHARTERED ACCOUNTANTS *

Annexure I to the Independent Auditor's Report of even date to the members of Technocian Fashions Private Limited, on the Financial Statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i) (c) of the Order are not applicable.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no dues in respect of income-tax, sales-tax, service tax, goods and service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

WALKER CHANDIOK & CO LLP * BENGALURU * CHARTERED ACCOUNTANTS

(xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion, all transactions with the related parties are in compliance with Section 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable Ind AS. Further, in our opinion, the Company is not required to constitute audit committee under Section 177 of the Act.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAADA4516

Bengaluru
21 June 2021

WALKER CHANDIOK & CO LLP * BENGALURU * CHARTERED ACCOUNTANTS *

Annexure II to the Independent Auditor's Report of even date to the members of Technocian Fashions Private Limited, on the Financial Statements for the year ended 31 March 2021

Independent Auditor's report on the internal financial controls with reference to the consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of Technocian Fashions Private Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management for Internal Financial Controls

2. The Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Company based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Company.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

WALKER CHANDIOK & CO LLP BENGALURU CHARTERED ACCOUNTANTS

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
UDIN: 21210122AAAADA4516

Bengaluru
21 June 2021

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Technocian Fashions Private Limited
Balance Sheet as at March 31, 2021

(Monetary values are in INR thousands unless otherwise stated)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	5	31,966.03	34,799.79
(b) Intangible assets	6	73.82	139.37
(c) Financial assets			
i) Other financial assets	7	1,951.06	1,833.97
(d) Deferred tax assets	30	1,755.80	933.25
(e) Other non-current tax assets	9	157.99	187.70
Total non-current assets		**35,904.70**	**37,894.07**
Current assets			
(a) Financial assets			
(i) Trade receivables	8	6,216.54	9,198.73
(ii) Cash and cash equivalents	10	11,876.11	6,169.24
(iii) Other financial assets	7	-	5,452.67
(b) Other current assets	11	1,445.47	1,379.67
Total current assets		**19,538.12**	**22,200.31**
Total assets		**55,442.82**	**60,094.38**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	12	500.00	500.00
(b) Other equity	13	10,247.89	8,743.62
Total equity		**10,747.89**	**9,243.62**
Liabilities			
Non-current liabilities			
(a) Provisions	14	4,387.66	6,717.47
(b) Financial liabilities	15	21,424.46	20,948.29
Total non-current liabilities		**25,812.12**	**27,665.76**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16		
- Total outstanding dues of micro enterprises and small enterprises		284.93	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		2,884.75	3,826.41
(ii) Other financial liabilities	15	10,201.80	9,736.02
(b) Provisions	14	1,371.18	150.50
(c) Other current liabilities	17	4,140.15	9,472.06
Total current liabilities		**18,882.81**	**23,185.00**
Total equity and liabilities		**55,442.82**	**60,094.38**
Summary of significant accounting policies	3		

The accompanying notes form an integral part of these financial statements
As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
Bengaluru
21 June 2021

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors of
Technocian Fashions Private Limited

Rajive Ranjan
Director
DIN:00198568
Dusseldorf
14 June 2021

Om Prakash Makam S
Director
DIN:01908522
Bengaluru
14 June 2021

Technocian Fashions Private Limited
Statement of profit and loss for the year ended March 31, 2021

(Monetary values are in INR thousands unless otherwise stated)

		Note No.	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
I	Revenue from operations	18	108,872.18	110,178.19
II	Other income	19	1,640.48	121.64
III	**Total income (I + II)**		**110,512.66**	**110,299.83**
IV	**Expenses**			
	(a) Employee benefit expense	20	75,198.77	67,406.95
	(b) Depreciation and amortisation expense	21	5,423.34	4,283.18
	(c) Finance cost	22	2,182.83	1,922.73
	(d) Other expenses	23	14,734.70	25,547.47
	Total expenses (IV)		**97,539.64**	**99,160.33**
V	**Profit before tax (III - IV)**		**12,973.02**	**11,139.50**
VI	Tax expense			
	(a) Current tax	30	4,140.38	3,912.29
	(b) Deferred tax credit	30	(860.07)	(1,080.01)
VII	**Profit for the year/ period (V - VI)**		**9,692.71**	**8,307.22**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurements of defined benefit plans	28	149.08	583.18
	(b) Income tax relating to items that will not be reclassified to profit or loss		(37.52)	(146.78)
			111.56	**436.40**
IX	**Total other comprehensive income (VII + VIII)**		**9,804.27**	**8,743.62**
	Earnings per equity share			
	(1) Basic (in ₹)	24	193.85	166.14
	(2) Diluted (in ₹)		193.85	166.14
	Summary of significant accounting policies	3		

The accompanying notes form an integral part of these financial statements
As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
Bengaluru
21 June 2021

For and on behalf of the Board of Directors
Technocian Fashions Private Limited

Rajive Ranjan
Director
DIN:00198568
Dusseldorf
14 June 2021

Om Prakash Makam S
Director
DIN:01908522
Bengaluru
14 June 2021

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

Technocian Fashions Private Limited
Statement of Change in Equity for the year ended March 31, 2021

(Monetary values are in INR thousands unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Balance as at March 20, 2019	-	-
Equity share capital issued during the year	50,000	500.00
Balance as at March 31, 2020	50,000	500.00
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	**50,000**	**500.00**

B. Other equity

Particulars	Total
Balance as at March 20, 2019	
Profit for the period	8,307.22
Other comprehensive income for the year	436.40
Balance as at March 31, 2020	8,743.62
Profit for the year	9,692.71
Other comprehensive income for the year	111.56
Less:- Dividend paid	(8,300.00)
Balance as at March 31, 2021	**10,247.89**

Summary of significant accounting policies 3

The accompanying notes form an integral part of these financial statements

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
Bengaluru
21 June 2021

For and on behalf of the Board of Directors
Technocian Fashions Private Limited

Rajive Ranjan
Director
DIN:00198568
Dusseldorf
14 June 2021

Om Prakash Makam S
Director
DIN:01908522
Bengaluru
14 June 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

Technocian Fashions Private Limited
Statement of Cash Flow for the year ended March 31, 2021

(Monetary values are in INR thousands unless otherwise stated)

Particulars	**For the year ended on March 31, 2021**		**For the period March 20,2019 to March 31, 2020**	
A. Cash flow from operating activities				
Net profit before tax		12,973.02		11,139.50
Adjustments for:				
Depreciation and amortisation	5,423.34		4,283.18	
(Gain)/loss on sale of property, plant and equipment	(4.75)		230.50	
Finance costs	2,182.83		1,922.73	
Unrealised foreign exchange loss	120.05		149.63	
		7,721.47		6,586.05
Movements in working capital:				
Changes in financial assets	8,197.71		(16,634.99)	
Changes in other assets	(65.80)		(1,379.68)	
Changes in trade payables	(656.74)		3,826.41	
Changes in provisions	(960.04)		7,451.15	
Changes in financial liabilities	2,500.69		5,994.45	
Changes in other liabilities	(5,331.91)		9,472.06	
		3,683.91		8,729.39
Cash generated from operations		24,378.40		26,454.94
Net income tax (paid) / refunds		(4,110.66)		(4,100.00)
Net cash flow from operating activities (A)		**20,267.74**		**22,354.94**
B. Cash flow from investing activities				
Payments for property, plant and equipment		(2,541.65)		(12,124.64)
Proceeds from sale of property, plant and equipment		22.36		-
Net cash flow used in investing activities (B)		**(2,519.29)**		**(12,124.64)**
C. Cash flow from financing activities				
Issue of equity share capital		-		500.00
Dividend paid during the year		(8,300.00)		-
Payment of principal portion of lease liability		(1,558.75)		(2,638.33)
Interest paid on lease liability		(2,182.83)		(1,922.73)
Net cash used in financing activities (C)		**(12,041.58)**		**(4,061.06)**
Net increase in Cash and cash equivalents (A+B+C)		**5,706.87**		**6,169.24**
Cash and cash equivalents at the beginning of the year		6,169.24		-
Cash and cash equivalents at the end of the year/ period		**11,876.11**		**6,169.24**
Cash and cash equivalents comprise:				
Balances with banks				
Current accounts		11,876.11		6,169.24
		11,876.11		**6,169.24**

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Technocian Fashions Private Limited
Statement of Cash Flow for the year ended March 31, 2021 (Cont'd)

Non cash disclosure

(Monetary values are in INR thousands unless otherwise stated)

Reconciliation of liabilities arising from Company's financing activities

Particulars	As at March 20, 2019	Liability recorded	Interest	Repayment (net of proceeds)	As at March 31, 2020
Lease liability	-	25,885.12	1,922.73	(3,117.98)	24,689.87
Total	**-**	**25,885.12**	**1,922.73**	**(3,117.98)**	**24,689.87**

Particulars	As at March 31, 2020	Liability recorded	Interest	Repayment (net of proceeds)	As at March 31, 2021
Lease liability	24,689.87	-	2,182.83	(3,741.58)	23,131.12
Total	**24,689.87**	**-**	**2,182.83**	**(3,741.58)**	**23,131.12**

Summary of significant accounting policies 3

The accompanying notes form an integral part of these financial statements
As per our report of even date attached

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
Bengaluru
21 June 2021

For and on behalf of the Board of Directors
Technocian Fashions Private Limited

Rajive Ranjan
Director
DIN:00198568
Dusseldorf
14 June 2021

Om Prakash Makam S
Director
DIN:01908522
Bengaluru
14 June 2021

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

1. General information

Technocian Fashions Private Limited ('the Company') was incorporated on March 20, 2019. The business activities of the Company consists of providing sourcing support services to Fellow Subsidiaries . The registered office of the Company is situated at Bangalore.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2021.

The financial statements of the Company for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on June 14, 2021.

2. Application of new and revised Indian Accounting Standards

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the time these financial statements have been adopted by the Board of Directors, have been considered in preparing these financial statements.

3. Summary of significant accounting policies

3.1 The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended), the Companies (Indian Accounting Standards) (Amendment) Rules 2016 and other relevant provisions of the Act.

3.2 Basis of accounting and preparation of financial statements

The financial statements have been prepared on accrual basis under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial instruments and defined benefit plans which have been measured at fair value as required by relevant IND AS.

3.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

Revenue from services
Income form sourcing support services rendered to group companies are recognized as the services are rendered based on a cost plus mark-up in accordance with the terms of respective arrangements.
Contract Asset' included in other financial assets represent unbilled revenue which is revenue in excess of billings as of the Balance Sheet date. 'Contract Liability' included in financial liabilities represent unearned revenue which is billing in excess of revenue recognized.

3.4 Leases

As per Ind AS 116, for any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

3.4 Leases (Cont'd)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance, fixed), and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest expenses. It is remeasured to reflect any reassessment or modification.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.5 Foreign currency transactions and translations

Initial recognition

Transactions denominated in foreign currencies are accounted at the exchange rates prevailing on the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date

Monetary items denominated in foreign currencies at the year-end are restated at the exchange rates prevailing on the date of the Balance Sheet. Non-monetary items denominated in foreign currencies are carried at cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

3.6 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan

In accordance with the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the Company are entitled to receive benefits with respect to provident fund, a defined contribution plan in which both the Company and the employee contribute monthly at a determined rate (currently 12% of employee's basic salary). Company's contribution to Provident Fund is charged as an expense in the Statement of Profit and Loss.

Long-term employee benefits

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the discount rates for Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

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3.6 Employee benefits (Cont'd)

Short-term obligations

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Defined benefit Plan

Benefits payable to eligible employees of the Company with respect to gratuity, a defined benefit plan is accounted for on the basis of an actuarial valuation as at the balance sheet date. In accordance with the Payment of Gratuity Act, 1972, the plan provides for lump sum payments to vested employees on retirement, death while in service or on termination of employment in an amount equivalent to 15 days basic salary for each completed year of service. Vesting occurs upon completion of five years of service. The present value of such obligation is determined by the projected unit credit method and adjusted for past service cost and fair value of plan assets as at the balance sheet date through which the obligations are to be settled. The resultant actuarial gain or loss on change in present value of the defined benefit obligation is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

3.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets
are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised in statement of profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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3.8 Property, plant and equipment

Recognition and measurement

(i) Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, for assets that necessarily take a substantial period of time to get ready for their intended use, finance costs. Cost includes import duties and any non-refundable taxes on such purchase, after deducting rebates and trade discounts and is inclusive of freight, duties, taxes and other incidental expenses. All cost are capitalized which are directly attributable to bringing assets to the condition and location essential for it to operate in a manner as intended by the management. In respect of assets due for capitalization, where final bills/claims are to be received/passed, the capitalisation is based on the engineering estimates. Final adjustments, for costs and depreciation are made retrospectively in the year of ascertainment of actual cost and finalisation of claim.

Recognition and measurement

(ii) Capital work in progress includes the cost of property plant and equipment that are not yet ready for their intended use and the cost of assets not put to use before the Balance Sheet date.

(iii) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

Depreciation

(iv) Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values and is charged to Statement of Profit and Loss. Depreciation on all tangible fixed assets is provided on the straight line method over the estimated useful life of the assets at rates specified in Schedule II to the Companies Act. 2013.

Leasehold improvements are amortised over the period of lease or estimated useful life, whichever is lower.

Depreciation on addition to property, plant and equipment is provided from the date, the asset is acquired/ installed. Depreciation on sale/deduction from property, plant and equipment is provided for upto the last day of sale, deduction, discardment as the case may be.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In respect of assets whose useful lives has been revised, the unamortized depreciable amount is charged over the revised remaining useful lives of the assets.

Useful lives of property, plant and equipment:

Office equipments	5 Years
Computers	3 Years
Leasehold improvements	Over lease term

(v) An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

3.9 Intangible assets

Recognition and measurement

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortisation
Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis,commencing from the date the assets are available to the Company for their use.

Derecognition of Intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Useful lives of intangible assets

Estimated useful lives of the intangible asset are as follows:

Computer software	3 years

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3.10 Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

An assessment is made annually as to see if there are any indications that impairment losses recognized earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognized. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognized in the Statement of Profit and Loss.

3.11 Functional and presentation currency

These financial statements are presented in Indian Rupees, the functional currency of the Company. All amounts have been rounded to the nearest unit, unless otherwise stated.

3.12 Provisions, contingent liabilities and contingent assets

(i) Provisions

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(iii) Contingent assets

Contingent assets are not recognized in the accounts. However, they are disclosed when the possible right to receive exists.

3.13 Segment reporting

The Company's segmental reporting is in accordance with Ind AS 108 Operating Segments. Operating segments are reported in a manner consistent with the internal reporting provided to the board of directors, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker.

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3.14 Earnings per share

Basic earnings per share ('EPS') is computed by dividing the net profit or loss (excluding OCI) for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

3.15 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.16 Input tax credit

Goods and Service Tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

3.17 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instruments.

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

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

For the purpose of Subsequent measurement, the Company classifies financial assets in following categories:

(i) Financial assets at amortized cost
(ii) Financial assets at fair value through other comprehensive income (FVTOCI)
(iii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets shall be measured at amortized cost if both of the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVTOCI as described above are measured at FVTPL.

Financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Financial assets are subsequently measured at FVTOCI with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial assets are subsequently measured at FVTPL with gains and losses arising from changes in fair value recognized in profit or loss.

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3.17 Financial instruments (Cont'd)

All equity instruments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at fair value through profit and loss (FVTPL). For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL).

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified at amortized cost.

Subsequent measurement

Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. This category generally applies to long-term payables and deposits.

De-recognition of financial liabilities

A financial liabilities is de-recognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.18 Impairment of financial instruments

In accordance with Ind-AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

Trade receivables

As a practical expedient the Company has adopted 'simplified approach' using the provision matrix method for recognition of expected loss on trade receivables. The provision matrix is based on historical default rate observed over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. Further receivables are segmented for this analysis where the credit risk characteristics of the receivables are similar.

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

3.19 Classification of current / non-current liabilities and assets

Liability

A liability has been classified as 'current' when it satisfies any of following criteria:

a) It is expected to be settled in the company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is due to be settled within twelve months after reporting date; or
d) The company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instrument do not affect its classification.

All other liabilities are classified as non-current.

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3.19 Classification of current / non-current liabilities and assets (Cont'd)

Asset

An asset has been classified as 'current' when it satisfies any of following criteria:

a) It is expected to be realised in, or is intended for sale or consumption in the company's normal operating cycle;
b) It is held primarily for the purpose of being traded;
c) It is expected to be realised within twelve months after reporting date; or
d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

3.20 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3.21 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policy. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The following are significant management estimation/uncertainty and judgement in applying the accounting policies of the Company that have the most significant effect on the financial statements:

Defined benefit obligation: Management estimates of these obligation is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Recognition of deferred tax assets: The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.

Property, plant and equipment: Measurement of useful life and residual values of property, plant and equipment and useful life of intangible assets.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However the actual future outcome may be different from this judgement.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit losses on outstanding receivables and advances.

Classification of leases- The Company enters into leasing arrangements for various premises. The assessment (including measurement) of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/terminate etc. After the Commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

Leases – Estimating the incremental borrowing rate- The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Provisions - At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

There are no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

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4. Recent accounting pronouncements

(i) On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:
-Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
-Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.
-Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
-Specified format for disclosure of shareholding of promoters.

Statement of Profit and loss:
-Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

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Technocian Fashions Private Limited
Notes forming part of the financial statements

5. Property, plant and equipment

(Monetary values are in INR thousands unless otherwise stated)

Particulars	Furniture and fixtures	Office equipments	Computers	Leasehold improvements	Right to use assets	Total
At cost						
Balance as at March 20, 2019	-	-	-	-	-	-
Additions	3.93	635.26	3,070.96	8,218.04	27,328.20	39,256.39
Disposals	3.93	61.73	325.30	-	-	390.96
Balance as at March 31, 2020	-	573.54	2,745.66	8,218.04	27,328.20	38,865.42
Additions	58.26	566.96	1,916.44	-	-	2,541.65
Disposals			22.36	-		22.36
Balance as at March 31, 2021	58.26	1,140.50	4,639.73	8,218.04	27,328.20	41,384.71
Accumulated Depreciation						
Balance as at March 20, 2019	-	-	-	-	-	-
Additions	0.58	234.77	648.99	811.37	2,530.39	4,226.10
Disposals	0.58	19.04	140.84	-	-	160.46
Balance as at March 31, 2020	0.00	215.73	508.15	811.37	2,530.39	4,065.64
Additions	1.64	125.23	1,105.32	1,089.15	3,036.47	5,357.79
Disposals	0.00	0.00	4.75	0.00	-	4.75
Balance as at March 31, 2021	1.64	340.96	1,608.71	1,900.52	5,566.85	9,418.69
Net Block as at 31 March 2021	**56.62**	**799.54**	**3,031.02**	**6,317.51**	**21,761.34**	**31,966.03**
Net Block as at 31 March 2020	**-**	**357.80**	**2,237.51**	**7,406.66**	**24,797.81**	**34,799.78**

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(Monetary values are in INR thousands unless otherwise stated)

6. Intangible assets

Particulars	Computer Software
Cost	
Balance at March 20, 2019	-
Additions	196.44
Disposals	-
Balance at March 31, 2020	**196.44**
Additions	-
Disposals	-
Balance at March 31, 2021	**196.44**
Accumulated amortization and impairment	
Balance at March 20, 2019	-
Additions	57.07
Disposals	-
Balance at March 31, 2020	**57.07**
Additions	65.55
Disposals	-
Balance at March 31, 2021	**122.62**
Net Block as at 31 March 2021	**73.82**
Net Block as at 31 March 2020	**139.37**

7. Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good				
(a) Security deposits at amortised cost	1,951.06	1,833.97	-	-
(b) Receivables from Parent Company	-	-	-	4,607.95
(c) Contract assets	-	-	-	844.72
Total	**1,951.06**	**1,833.97**	**-**	**5,452.67**

8. Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivable considered good - secured	-	-
Trade receivable considered good - unsecured [Refer Note 29]	6,216.54	9,198.73
Total	**6,216.54**	**9,198.73**

9. Other non-current tax assets

Particulars	As at March 31, 2021	As at March 31, 2020
Income tax receivable	81.93	-
Advance income tax (net of provision for tax)	76.06	187.70
Total	**157.99**	**187.70**

10. Cash and cash equivalents

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
Current accounts	11,876.11	6,169.24
Total	**11,876.11**	**6,169.24**

11. Other assets

Particulars	Current	
	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
(a) Prepaid expenses	710.33	243.76
(b) Advance to vendors and employees	102.36	149.88
(c) Balance with government authorities		
GST input credit receivable	632.78	986.03
Total	**1,445.47**	**1,379.67**

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Notes to the Financial Statements for the year ended March 31, 2021

12. Equity share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized capital		
500,000 equity shares of Rs 10 each	5,000.00	5,000.00
Issued, Subscribed and paid up		
50,000 equity shares of Rs 10 each fully paid up	500.00	500.00
Total	**500.00**	**500.00**

Notes:

(i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Closing Balance
As at March 31, 2020			
No.of shares	-	50,000	50,000
Amount	-	500.00	500.00
As at March 31, 2021			
No.of shares	50,000	-	50,000
Amount	500.00	-	500.00

(ii) The Company has not issued any bonus shares or any shares for consideration other than cash during five years immediately preceding March 31, 2021. Further, the Company has not bought back any shares during five years immediately preceding March 31, 2021.

(iii) Rights, Preferences and Restrictions attached to shares:
The company has one class of equity shares having par value of Rs 10 per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject t the approval of the shareholders in the ensuing Annual General Meeting. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iv) Details of equity shares holding more than 5% shares in the Company:

Name of Shareholders	As at March 31, 2021		As at March 31, 2020	
	No. of shares*	Holding %	No. of shares*	Holding %
PDS Multinational Fashions Limited	27,500	55%	27,500	55%
Rajive Ranjan	22,500	45%	22,500	45%

*The number of shares are given in absolute numbers.

13. Other equity

Particulars	As at March 31, 2021	As at March 31, 2020
Retained earnings [Refer Note (i) below]	10,247.89	8,743.62
Total	**10,247.89**	**8,743.62**

Notes:

(i) Movement in retained earnings is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	8,743.62	-
Profit for the year	9,692.71	8,307.22
Other comprehensive income for the year/ period	111.56	436.40
Less:- Dividend Paid	(8,300.00)	-
Balance at the end of the year	**10,247.89**	**8,743.62**

14. Provisions

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
(a) **Provision for employee benefits**				
Provision for compensated absences	2,715.20	3,302.05	1,098.25	100.92
Provision for gratuity [Refer Note 28]	1,672.46	3,415.42	272.93	49.58
Total	**4,387.66**	**6,717.47**	**1,371.18**	**150.50**

15. Other financial liabilities

Particulars	Non-current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
At amortised cost				
Lease liabilities	21,424.46	20,948.29	1,706.66	3,741.58
Dues to employees	-	-	8,495.14	5,994.45
Total	**21,424.46**	**20,948.29**	**10,201.80**	**9,736.02**

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16. Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
- Outstanding dues to micro enterprises and small enterprises (Refer note 'b' and 'd' below)	284.93	-
- Others	2,884.75	3,826.41
Total	**3,169.68**	**3,826.41**

Notes:
(a) Trade payable due to related parties as at March 31, 2021 amounts to ₹ 1,759.22 (Refer note 29)
(b) In terms of notification no. G.S.R 719(E) dated September 4, 2015 issued by the Central Government of India, the disclosure of payments due to any supplier as at March 31, 2021 are as follows:

- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	284.93	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during eaach accounting year;	-	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appinted day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(c) The amount does not include any amount due to be transferred to Investor Protection and Education	-	-
(d) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts/ interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.	-	-

17. Other liabilities

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Statutory dues	4,140.15	9,472.06
	Total	**4,140.15**	**9,472.06**

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Technocian Fashions Private Limited
Notes to the Financial Statements for the year ended March 31, 2021

18. Revenue from operations

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Rendering of services -Sourcing support services [Refer Note 29]		108,872.18	110,178.19
	Total	**108,872.18**	**110,178.19**

19. Other income

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
(a) Interest income from financial assets measured at amortised cost			
Security deposit		117.10	89.79
(b) Sale of scrap		-	10.43
(c) Excess liability written back			
Gratuity [Refer Note 28]		415.59	-
Compensated absences		262.47	-
(d) Gains on foreign currency translation		840.57	21.42
(e) Gains on disposal of tangible assets		4.75	-
	Total	**1,640.48**	**121.64**

20. Employee benefit expense

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Salaries, allowances and other benefits [Refer Note 29]		67,934.01	61,422.54
Contribution to provident and other funds		3,422.24	1,445.27
Compensated absences [Refer Note 28]		2,008.39	1,795.13
Gratuity [Refer Note 28]		872.76	1,424.82
Staff welfare expenses		961.37	1,319.19
	Total	**75,198.77**	**67,406.95**

21. Depreciation and amortisation expense

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Depreciation of property, plant and equipment		5,357.79	4,226.11
Amortisation of intangible assets		65.55	57.07
	Total	**5,423.34**	**4,283.18**

22. Finance Cost

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Interest on lease liabilities [Refer Note 35]		2,182.83	1,922.73
	Total	**2,182.83**	**1,922.73**

23. Other expenses

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Auditors' remuneration [Refer Note (i) below]		100.00	100.00
Bank charges		66.16	66.94
Communication expenses		664.18	723.33
Courier charges		1,464.69	2,210.81
Electricity charges [Refer Note 29]		648.44	752.69
Hire charges [Refer Note 29]		2,273.58	1,805.10
Insurance		10.41	-
Legal and professional fees		598.90	656.41
Loss on sale of tangible assets (Net)		-	230.50
Printing and stationery		328.32	706.19
Rates and taxes		4.74	101.74
Recruitment expenses		431.49	992.20
Rent		660.00	720.00
Repairs and maintenance- others [Refer Note 29]		3,706.79	2,355.14
Sampling expenses		929.22	914.10
Travelling and conveyance [Refer Note 29]		2,656.29	12,689.39
Sundry expenses		191.49	522.93
	Total	**14,734.70**	**25,547.47**

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23. Other expenses (Cont'd)

Notes:

(i) Auditors' remuneration:

For statutory audit	75.00	75.00
For tax audit	25.00	25.00
Total	**100.00**	**100.00**

24. Earnings per share

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Profit/(Loss) attributable to equity holders	9,692.71	8,307.22
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic earnings per share (₹)	193.85	166.14
Diluted earnings per share (₹)	193.85	166.14
Face value per share (₹)	10.00	10.00

25. Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and which have not been provided for in the financial statements amounts to Nil. The Company does not have any other long ter commitments or material non cancellable contractual commitments which may have a material impact on the financial statements.

26. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM is considered to be the Board of Directors who makes strategic decisions and is responsible for allocating resources and assessing performance of the operating segments.

The Company provides Advisory and sourcing support service to its fellow subsidiary. The disclosures as required under Ind AS 108 on operating segment reporting has not been provided as the Company deals in one business segment.

(a) Revenue by Geographical areas

Location	Revenue	
	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Within India	-	-
Outside India	108,872.18	110,178.19
Total	**108,872.18**	**110,178.19**

The Company is domiciled in India and all its non-current assets are located in/ relates to India.

The Company has only one customer which is its fellow subsidiary Techno Design GMBH.

(b) Revenue by nature of products/ services

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Rendering of services		
- Sourcing support services	108,872.18	110,178.19
	108,872.18	**110,178.19**

27. Transfer pricing

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

28. Employee benefits

(a) **Defined contribution plans**

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised ₹ 3422.24 (March 31, 2020: ₹ 1,445.27) in the Statement of Profit and Loss under Company's contribution to defined contribution plans.

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28. Employee benefits (Cont'd)

(b) Other long-term benefits

The company has a defined benefit leave encashment plan for its employees. Under this plan, they are entitled to encashment of earned leaves subject to certain limits and other conditions specified for the same. The liabilities towards leave encashment have been provided on the basis of actuarial valuation.

(c) Defined benefit plans

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

As per Ind AS 19 "Employee benefits", the present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the balance sheet:

(i) Amount recognised in Statement of Profit and Loss and other comprehensive income:

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Current service cost		637.14	1,246.43
Interest expense		235.62	178.39
Amount recognised in Statement of profit and loss		**872.76**	**1,424.82**
Remeasurement of defined benefit liability:			
Actuarial (gain)/loss from changes in demographic assumptions		-	-
Actuarial (gain)/loss from changes in financial assumptions		(149.08)	(583.18)
Actuarial (gain)/loss from experience adjustments		-	-
Amount recognised in other comprehensive income		**(149.08)**	**(583.18)**
	Total	**723.67**	**841.64**

(ii) Reconciliation of fair value plan assets and defined benefit obligation

Particulars		For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Fair value of plan assets		-	-
Defined benefit obligation		1,945.39	3,465.00
Net defined asset / (liability) recognised in the Balance Sheet		**(1,945.39)**	**(3,465.00)**
Classified as non-current		(1,672.46)	(3,415.42)
Classified as current		(272.93)	(49.58)
	Total	**(1,945.39)**	**(3,465.00)**

(iii) Actual contributions and benefit payments during the year

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Actual benefit payments	1,827.69	0.00

(iv) Changes in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Defined benefit obligation at beginning of the year	3,465.00	-
Current service cost	637.14	1,246.43
Interest expense	235.62	178.39
Acquisition adjustment (Refer note below)	-	2,623.36
Remeasurement (gains)/losses		
Actuarial (gain)/Loss from changes in financial assumptions	(149.08)	(583.18)
Actuarial (gain)/Loss from experience adjustments	-	-
Actuarial (gain)/Loss from changes in demographic assumptions	-	-
Benefits paid	(1,827.69)	-
Excess liability written back	(415.59)	-
Defined benefit obligation at end of the year	**1,945.39**	**3,465.00**

Note: During previous year ,the Company has acquired 38 employees from its holding company PDS Multinational Fashions Limited. Consequently, there is a transfer of respective Gratuity liability of the employees from the holding company to the Company which is shown as acquisition adjustment above.

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28. Employee benefits (Cont'd)

(v) The principal assumptions used in determining obligations for the Company's plan are shown below:

	Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
	Discount rate (in %)	6.79%	6.80%
	Future salary increase (in %)	5.00%	5.00%
	Demographic Assumptions		
(a)	*Attrition*		
	Upto 30 years	50.00%	5.00%
	31-44 years	41.00%	3.00%
	Above 44 years	25.00%	2.00%
(b)	Mortality	Indian Assured Lives Mortality (2012-14) (modified) ultimate	Indian Assured Lives Mortality (2012-14) (modified) ultimate
(c)	Retirement age	58 years	58 years

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

(vi) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Effect of +50 basis points in rate of discounting	(35.13)	(152.44)
Effect of -50 basis points in rate of discounting	36.35	163.91
Effect of +50 basis points in rate of salary increase	36.81	136.19
Effect of -50 basis points in rate of salary increase	(35.88)	(126.37)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Experience adjustments	Present value of defined benefit obligation	Fair value of plan assets	Estimated gain/ (loss) adjustments on plan liabilities	Estimated gain/ (loss) adjustments on plan assets
2020-21	1,945.39	0.00	149.08	-
2019-20	3,465.00	0.00	583.18	-

(vii) Risk exposure:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Interest Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Mortality and Attrition Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

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28. Employee benefits (Cont'd)

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity of Rs 2,000).

(Viii) The weighted average duration of the defined obligation as at March 31, 2021 is 2.23 years.

(ix) Maturity profile of defined benefit obligation is as follows:

Particulars	**For the period March 20,2019 to March 31, 2020**
1 year	272.93
2 to 6 years	1,133.18
More than 6 years	541.51

29. Related party disclosures

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

(a) **Details of related parties:**

Description of relationship	**Names of related parties**
Holding Company	PDS Multinational Fashions Limited
Fellow subsidiaries	Techno Design Gmbh
	Techno Design HK Limited
Key Management Personnel	Rajive Ranjan
	Pawan Kumar
	Deepak Kumar Seth
	Om Prakash Makam S

(b) **Details of related party transactions during the year ended March 31, 2021 and outstanding balance as at March 31, 2021:**

Particulars		**For the year ended on March 31, 2021**	**For the period March 20,2019 to March 31, 2020**
A. Revenue			
Fellow subsidiaries			
Techno Design Gmbh		108,872.18	110,178.19
B. Expenses			
Fellow subsidiaries			
Techno Design HK Limited		1,721.07	1,729.07
Holding Company			
PDS Multinational Fashions Limited			
- Interest and depreciation on account of ROU		5,219.30	4,453.12
- Electricity charges		538.75	543.54
- Travelling and conveyance		288.00	144.00
- Repairs and maintenance- others		1,432.94	1,194.12
Key Managerial Personnel		4,800.00	1,484.39
Particulars		**As at March 31, 2021**	**As at March 31, 2020**
C. Balance outstanding at the end of the year			
Trade payables			
Fellow subsidiaries			
Techno Design HK Limited		(1,721.07)	(1,729.07)
Holding Company			
PDS Multinational Fashions Limited		(38.15)	-
Other Financial Assets			
Fellow subsidiaries			
Techno Design Gmbh	Trade receivable	6,216.54	9,198.73
	Contract assets	-	844.72
Holding Company			
PDS Multinational Fashions Limited	Receivables	-	4,607.95
	Security Deposits	2,587.26	2,587.26
Key Managerial Personnel	Salary payable	(428.55)	(328.65)

Terms and conditions of transactions with related parties: All the transaction with the related parties are made on terms equivalent to those that prevail in arm's length transactions.

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30. Income taxes

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

	Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
(a)	Income tax expense		
	Current tax:		
	Current tax on profits for the year	4,140.38	3,912.29
	Deferred tax		
	Recognised in Statement of profit and loss	(860.07)	(1,080.01)
	Income tax expense	**3,280.31**	**2,832.28**

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Profit from continuing operations before income tax expense	12,973.02	11,139.50
Tax @ 25.168 being the applicable Indian tax rate	3,265.05	2,803.59
Tax on permanent tax disallowances	15.25	28.69
Income tax expense recognised in the statement of profit and loss	**3,280.31**	**2,832.28**

(c) Deferred tax assets /liabilities

	As at March 31, 2021	As at March 31, 2020
Tax effect of items constituting deferred tax assets		
Provision for gratuity and compensated absences	1,039.42	624.43
Depreciation/ Amortisation of tangible and intangible assets	393.67	(31.78)
Security deposits at amortised cost	311.13	340.60
Preliminary Expenses	11.58	-
Net deferred tax assets / (liabilities)	**1,755.80**	**933.25**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(d) Deferred tax related to items recognised in OCI during the year

	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Net loss/ (gain) on remeasurements of defined benefit plans	37.52	146.78
Net amount charged to OCI	**37.52**	**146.78**

31. Financial risk management

The Company's activities expose it to market risk (foreign exchange), liquidity risk and credit risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost	Ageing analysis regularly monitoring and follow ups	Timely settlement of receivables
Liquidity risk	Other financial liabilities	Cash flow forecasts	Cash flow management ensuring liquidity
Market risk - foreign exchange	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian Rupees	Cash flow forecasting sensitivity analysis	Regular monitoring of forex fluctuations

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31. Financial risk management (Cont'd)

(a) Market risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates associated with it's direct & indirect transactions denominated in foreign currency. Since most of the transactions of the company are denominated in its functional currency (INR), any foreign exchange fluctuation affects the profitability of the Company and its financial position. Hedging provides stability to the financial performance by estimating the amount of future cash flows and reducing volatility.

Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which these risks are being managed and measured.

(b) Foreign currency risk

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

Unhedged Foreign currency	**Assets**			
	As at March 31, 2021		**As at March 31, 2020**	
	Foreign currency	**Equivalent Rupees**	**Foreign currency**	**Equivalent Rupees**
USD	-	-	122.34	9,198.73
EURO	74.05	6,216.54	-	-
Unhedged foreign currency exposure in Rupees		6,216.54		9,198.73

Unhedged Foreign currency	**Liabilities**			
	As at March 31, 2021		**As at March 31, 2020**	
	Foreign currency	**Equivalent Rupees**	**Foreign currency**	**Equivalent Rupees**
USD	23.26	1,721.07	22.90	1,729.07
Unhedged foreign currency exposure in Rupees		1,721.07		1,729.07

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

(c) Foreign currency sensitivity

The following table details the company's sensitivity [Gain/(Loss)] to a 5% increase and decrease in the Rupee against the relevant foreign currencies.

Impact on Profit and loss and total equity	**Change in rate**	**For the year ended on March 31, 2021**	**For the period March 20,2019 to March 31, 2020**
USD	+5%	(86.05)	373.48
	-5%	86.05	(373.48)
EURO	+5%	310.83	-
	-5%	(310.83)	-

The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

31. Financial risk management (Cont'd)

Liquidity risk table:

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2021.

Particulars	Dues to employees	Trade payable	Lease liabilities
Financial Liabilities			
Carrying amount	8,495.14	3,169.68	23,131.12
Due in 1st year	8,495.14	3,169.68	3,741.58
Due in 1 to 3 years	-	-	22,603.80
More than 3 years	-	-	5,772.94
Total contracted cash flows	**8,495.14**	**3,169.68**	**32,118.31**

The table below provides details regarding the contractual maturities of financial liabilities including estimated interest payments as at March 31, 2020.

Particulars	Dues to employees	Trade payable	Lease liabilities
Financial Liabilities			
Carrying amount	5,994.45	3,826.41	24,689.87
Due in 1st year	5,994.45	3,826.41	3,741.58
Due in 1 to 3 years	-	-	16,556.47
More than 3 years	-	-	15,561.84
Total contracted cash flows	**5,994.45**	**3,826.41**	**35,859.89**

(e) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The management also considers the factors that may influence the credit risk of its customer base, including the default risk etc.

A default on a financial asset is when the counterparty fails to make contractual payments as per agreed terms. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to credit risk of the Company is represented by the carrying amount of each financial asset in the statement of financial position.

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Less than 30 days	6,314.28	9,198.73
Total	**6,314.28**	**9,198.73**

Provision for doubtful debts as on 31 March 2021 is Nil (31 March 2020: Nil).

32. Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

33. Fair value disclosure

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments,carrying value of financial assets and financial liabilities including trade receivable, cash and cash equivalent, other bank balances, other financial assets, trade payables, borrowings, other financial liabilities etc. represent the best estimate of fair value. The management assessed that fair value of these financial assets and liabilities significantly approximate their carrying amount.

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * BENGALURU

33. Fair value disclosure (Cont'd)

(a) Fair Value of Financial Assets:

	Carrying vale as at March 31, 2021	Fair vale as at March 31, 2021	Carrying vale as at March 31, 2020	Fair vale as at March 31, 2020
Financial assets measured at amortised cost				
Security deposits	1,951.06	1,951	1,833.97	1,833.97
Trade receivable	6,216.54	6,217	9,198.73	9,198.73
Receivable from Holding Company			4,607.95	4,607.95
Contract assets			844.72	844.72
Cash and cash Equivalents	11,876.11	11,876	6,169.24	6,169.24
Total Financial assets	20,043.70	20,043.73	22,654.60	22,654.61

(b) Fair value of Financial liabilities:

	Carrying vale as at March 31, 2021	Fair vale as at March 31, 2021	Carrying vale as at March 31, 2020	Fair vale as at March 31, 2020
Financial Liabilties measured at amortised cost				
Trade payables	3,169.68	3,169.69	3,826.41	3,826.41
Lease liabilities	23,131.12	23,131.12	24,689.87	24,689.87
Dues to employees	8,495.14	8,495.14	5,994.45	5,994.45
Total Financial liabilities	34,795.94	34,795.94	34,510.72	34,510.73

34. Fair Value Hierarchy

The Company's accounting policies and disclosures requires the measurement of fair values, for financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.
Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company does not have any financial instruments measured at fair value.

35. Leases

(i) The Company has adopted Ind AS 116 "Leases" effective April 1, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019.

The Company also has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

(ii) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Short-term leases	660.00	720.00
Total	660.00	720.00

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BENGALURU
CHARTERED ACCOUNTANTS

35. Leases (Cont'd)

(iii) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	24,797.81	-
Right of Asset recognised during the year	-	27,328.20
Depreciation expense	3,036.47	2,530.39
Closing balance	21,761.34	24,797.81

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	24,689.87	-
Lease liability recognised during the period		25,885.12
Interest expense on lease liabilities	2,182.83	1,922.73
Payment of lease liabilities	(3,741.58)	(3,117.98)
Closing balance	23,131.12	24,689.87

Note: The right of use asset and lease liability has been created for office premises.

(iv) Maturity analysis of lease liabilities:

Particulars	For the year April 01, 2020 to March 31, 2021		
	Lease payments	Interest expense	Net Present Values
Not later than 1 year	3,741.58	2,034.92	1,706.66
Later than 1 year not later than 5 years	17,655.73	5,928.85	11,726.88
Later than 5 years	10,721.59	1,024.02	9,697.57
	32,118.90	**8,987.78**	**23,131.12**

(v) Amounts recognised in profit or loss

Particulars	As at March 31, 2021	As at March 31, 2020
Rent expense relating to short-term leases	660.00	720.00
Interest expense on lease liabilities	2,182.83	1,922.73
Depreciation expense of right-of-use assets	3,036.47	2,530.39
Total	**5,879.30**	**5,173.12**

36. Disaggregated revenue information

In the following table, revenue is disaggregated by major service line and timing of revenue recognition:

(i)

Particulars	Timing of revenue recognition	For the year ended on March 31, 2021	For the period March 20,2019 to March 31, 2020
Sale of services	Over time	108,872.18	110,178.19
Total		**108,872.18**	**110,178.19**

Contract Balances

Assets and liabilities related to contracts with customers:

(ii)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables (Refer note 8)	6,216.54	9,198.73
Contract asset (Refer note 7)	-	844.72
	6,216.55	**10,043.45**

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

36. Disaggregated revenue information (Cont'd)

Trade receivables are non-interest bearing and are generally on terms of not more than 60 days. The Company has recognised nil provision for expected credit loss on trade receivables during the year 2019-20.
Contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at reporting date for services rendered to customers. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Company's obligation to transfer goods or services to customer for which the Company has invoiced the customer or received advances from the customer for rendering of services. Contract liabilities are recognised as revenue as the Company performs under the contract.

Particulars	
Contract assets at the beginning of the year (Refer note 7)	844.72
Revenue billed during the year	(844.72)
Contract assets at the end of the year	-

The company does not have any contract asset or liability as on 31 March 2021

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	**For the year ended on March 31, 2021**	**For the period March 20,2019 to March 31, 2020**
Revenue as per contract	108,872.18	110,178.19
Adjustments	-	-
Revenue from contract with customers	**108,872.18**	**110,178.19**

37. Subsequent events

There are no subsequent events impacting the financial statements.

38. Contingencies

There is no contingent liability as at March 31, 2021.

For Walker Chandiok & Co LLP
Chartered Accountants
Firms Registration Number: 001076N/N500013

Aasheesh Arjun Singh
Partner
Membership No.: 210122
Bengaluru
21 June 2021

For and on behalf of the Board of Directors
Technocian Fashions Private Limited

Rajive Ranjan
Director
DIN:00198568
Dusseldorf
14 June 2021

Om Prakash Makam
Director
DIN:01908522
Bengaluru
14 June 2021

WALKER CHANDIOK & CO LLP
BENGALURU
CHARTERED ACCOUNTANTS

6DEGREES MANUFACTURING LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

6DEGREES MANUFACTURING LIMITED

CONTENTS

6DEGREES MANUFACTURING LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended March 31, 2021.

PRINCIPAL ACTIVITY

The company has not conducted any business during the year.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended March 31, 2021 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 7.

The directors do not recommend the payment of any dividend for the year.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (9) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Deepak Kumar SETH
Thomas MUELLER
Pallak SETH

In accordance with Article 22 and 23 of the Company's Articles of Association, the directors shall retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company was a party and in which a director of the Company or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holdings companies, subsidiary or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors was in force during the year and up to the date of this report.

BUSINESS REVIEW

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, September 15, 2021.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師
LUK KAR MAN CPA (PRACTISING) 陸嘉敏會計師

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瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
6DEGREES MANUFACTURING LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of 6Degrees Manufacturing Limited ("the Company") set out on pages 6 to 13, which comprise the statement of financial position as at March 31, 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report but 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 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, 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.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
6DEGREES MANUFACTURING LIMITED
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged With Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
6DEGREES MANUFACTURING LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, September 15, 2021.

6DEGREES MANUFACTURING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
REVENUE	(3)	-	157,156
COST OF SALES		-	(134,380)
SUNDRY INCOME		3,588	-
OTHER OPERATING EXPENSES		(12,847)	(25,682)
LOSS BEFORE TAXATION	(4)	(9,259)	(2,906)
TAXATION	(6)	-	-
LOSS FOR THE YEAR		(9,259)	(2,906)

THE NOTES ON PAGES 8 TO 13 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

6DEGREES MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
Current Assets			
Trade receivables		-	140,351
Amount due from immediate holding company	(7)	-	14,370
Cash and cash equivalents		165,793	50,897
		165,793	205,618
Current Liabilities			
Trade payables		-	134,380
Deposit received		-	22,640
Amount due to immediate holding company	(8)	125,858	-
Accruals		12,000	11,404
		137,858	168,424
NET ASSETS		27,935	37,194
EQUITY			
Share capital	(9)	77,800	77,800
Accumulated losses	(10)	(49,865)	(40,606)
TOTAL EQUITY		27,935	37,194

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 15, 2021 AND SIGNED ON BEHALF OF THE BOARD BY:

Thomas MUELLER
Director

Pallak SETH
Chairman

THE NOTES ON PAGES 8 TO 13 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

6DEGREES MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

6Degrees Manufacturing Limited ("the Company") is a company incorporated in Hong Kong with limited liability. The Company has not conducted any business during the year. The address of its registered office is 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are PDS Multinational Fashions Limited and Zamira Fashion Limited respectively. The ultimate holding company and immediate holding company are incorporated in India and Hong Kong respectively. The ultimate holding company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company qualifies for the reporting exemption as a small private companies under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap.622). The Company is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

a. Impairment of Assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment, intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

c. Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and when the revenue can be measured reliably, on the basis as follows:

- Revenue arising from the sales of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customers.

d. Taxation

Income tax expenses represent current tax expenses. The income tax payable/(recoverable) represents the amounts expected to be paid to/(refunded from) the taxation authority, using the tax rates (and tax laws) have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

e. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONT'D)

f. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partners; and
(iii) dependants of that person or that person's spouse or domestic partner.

6DEGREES MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE

	2021	2020
	HK$	HK$
Sales of goods	-	157,156

4. LOSS BEFORE TAXATION

	2021	2020
	HK$	HK$
Loss before taxation is stated after charging:		
Auditors' remuneration		
- Current year	6,000	6,000
- Under-provision for previous years	-	5,000

5. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2020: Nil).

6. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no assessable profits for the year. In prior year, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits.

	2021	2020
	HK$	HK$
Hong Kong Profits Tax		
Tax charge for the year	-	279
Less: Tax concession	-	(279)
	-	-

7. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

Amount due from immediate holding company pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622) is as follows:

	Outstanding principal		
Name of borrower	At end of year	At beginning of year	Maxium outstanding
	HK$	HK$	HK$
Zamira Fashion Limited [1]	-	14,370	14,370

[1] connected with Pallak SETH, Thomas MUELLER and Deepak Kumar SETH

Principal terms: The amount due from immediate holding company is unsecured, interest free and has no fixed repayment term.

8. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

Amount due to immediate holding company is unsecured, interest-free and has no fixed terms of repayments.

9. SHARE CAPITAL

	2021	2020
	HK$	HK$
Issued and fully paid:		
10,000 ordinary shares	77,800	77,800

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

10. CHANGES IN EQUITY

	Share Capital	Accumulated losses	Total
	HK$	HK$	HK$
At April 1, 2020	77,800	(40,606)	37,194
Loss for the year	-	(9,259)	(9,259)
At March 31, 2021	77,800	(49,865)	27,935

11. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on September 15, 2021.

Report of the Directors and Audited Financial Statements

360 NOTCH LIMITED

31 March 2021

EY 安永

Building a better working world

360 NOTCH LIMITED

CONTENTS

360 NOTCH LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The principal activity of the Company involved in investment holding and provision of sourcing service.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 22.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Payel Seth

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or its subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of 360 Notch Limited (the "Company") set out on pages 5 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY安永

Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young
Certified Public Accountants
Hong Kong
27 May 2021

360 NOTCH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	5	131,816	2,562,536
Other income and gains	5	791,863	23,833
Administrative expenses		(150,518)	(3,842,114)
Selling and distribution expenses		(66,838)	(292,197)
Other operating expenses		(250)	-
PROFIT/(LOSS) BEFORE TAX	6	706,073	(1,547,942)
Income tax expense	8	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		706,073	(1,547,942)

360 NOTCH LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSET			
Investment in a subsidiary	9	586,225	586,225
CURRENT ASSETS			
Prepayments and other receivables		777,123	462,096
Due from fellow subsidiaries	11(b)	2,654,795	3,265,044
Cash and cash equivalents		372,214	533,164
Total current assets		3,804,132	4,260,304
CURRENT LIABILITIES			
Other payables and accruals		53,590	36,400
Due to the immediate holding company	11(b)	26,639,414	27,071,214
Due to fellow subsidiaries	11(b)	132,260	886,920
Due to a subsidiary	11(b)	593,250	586,225
Total current liabilities		27,418,514	28,580,759
NET CURRENT LIABILITIES		(23,614,382)	(24,320,455)
Net liabilities		(23,028,157)	(23,734,230)
EQUITY			
Share capital	10	778,000	778,000
Accumulated losses		(23,806,157)	(24,512,230)
Net deficiency in assets		(23,028,157)	(23,734,230)

Pallak Seth
Director

Deepak Kumar Seth
Director

360 NOTCH LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	778,000	(22,964,288)	(22,186,288)
Loss and total comprehensive loss for the year	-	(1,547,942)	(1,547,942)
At 31 March 2020 and 1 April 2020	778,000	(24,512,230)	(23,734,230)
Profit and total comprehensive income for the year	-	706,073	706,073
At 31 March 2021	778,000	(23,806,157)	(23,028,157)

360 NOTCH LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		706,073	(1,547,942)
Adjustment for interest income	5	(3)	(167)
		706,070	(1,548,109)
Increase in prepayments and other receivables		(315,027)	(399,369)
Decrease in amounts due from fellow subsidiaries		610,249	3,486,295
Increase/(decrease) in other payables and accruals		17,190	(38,863)
Increase/(decrease) in an amount due to the immediate holding company		(431,800)	426,058
Decrease in amounts due to fellow subsidiaries		(754,660)	(1,468,400)
Increase in an amounts due to a subsidiary		7,025	-
Cash generated from/(used in) operations		(160,953)	457,612
Interest received		3	167
Net cash flows from operating activities and net increase/(decrease) in cash and cash equivalents		(160,950)	457,779
Cash and cash equivalents at the beginning of year		533,164	75,385
CASH AND CASH EQUIVALENTS AT END OF YEAR		372,214	533,164
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		372,214	533,164

1. CORPORATE INFORMATION

360 Notch Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company was engaged in investment holding and provision of sourcing service.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company of an intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate and it has satisfied the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements of the Company and its subsidiary (together, the "Group") is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosure of Interests in Other Entities" does not apply to the financial statements.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary
A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The results of the subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment loss.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the each of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Commission income is recognised at the point in time when control of the services is transferred to the customer when service is rendered.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Other income (continued)
Management fee income is recognised when the relevant services has been rendered.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Determination of functional currency
In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in HK$ and therefore, management concluded that the functional currency of the Company is HK$.

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

The Company's revenue from contracts with customers related to commission income from sourcing service which is recognised at a point in time. The performance obligation is satisfied upon delivery of the fabric products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2021 HK$	2020 HK$
Other income and gains		
Bank interest income	3	167
Foreign exchange differences, net	85,787	23,666
Management fee income	706,073	-
	791,863	23,833

6. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	2021 HK$	2020 HK$
Auditor's remuneration	15,000	15,000
Foreign exchange differences, net	(85,787)	(23,666)

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made in the year ended 31 March 2021 as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the year

No provision for Hong Kong profits tax has been made in the year ended 31 March 2020 as the Company did not generate any assessable profits arising in Hong Kong during the prior year.

A reconciliation of the tax credit applicable to profit/(loss) before tax using the Hong Kong statutory tax rate of 16.5% (2020: 16.5%) to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit/(loss) before tax	706,073	(1,547,942)
Tax expense/(credit) at the statutory tax rate	116,502	(255,410)
Tax losses not recognised	-	255,410
Tax losses utilised from previous periods	(124,304)	-
Expenses not deductible for tax	7,802	-
Tax at the effective tax rate	-	-

As at the end of the reporting period, the Company had unused tax losses of HK$18,187,891 (2020: HK$18,941,249), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses on account of the unpredictability of future profit streams of the Company.

9. INVESTMENT IN A SUBSIDIARY

	2021 HK$	2020 HK$
Unlisted investments, at cost	586,225	586,225

9. INVESTMENT IN A SUBSIDIARY (continued)

Information about the subsidiary
Particulars of the Company's subsidiary as at 31 March 2021 are as follows:

Name	Place of registration and business	Percentage of equity directly attributable to the Company	Principal activities
Smart Notch (Shanghai) Limited	PRC /Mainland China	100	Trading of garment products

10. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
100,000 (2020: 100,000) ordinary shares	778,000	778,000

11. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with the related parties during the year:

	2021 HK$	2020 HK$
Immediate holding company:		
Consultancy fee expenses	105,030	-
Intermediate holding company:		
Recharge expenses paid	-	4,506,502
Fellow subsidiaries:		
Management fee income received	706,073	-
Consultancy fee expenses	-	529,040
Commissions income received	-	2,469,176

11. RELATED PARTY TRANSACTIONS (continued)

(b) The balances with the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company representing directors' remuneration as disclosed in note 7 to the financial statements.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise financial assets included in prepayments and other receivables, amounts due from fellow subsidiaries and cash and cash equivalents which are categorised as financial asset at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the notes to the financial statements.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, amounts due to the immediate holding company, fellow subsidiaries and a subsidiary which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the financial statements.

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging
The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise amounts due from fellow subsidiaries and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

The amounts due from fellow subsidiaries and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of amounts due from fellow subsidiaries is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or repayable within three months subsequent to the end of the reporting period.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Company Registration No. 02608346 (England and Wales)

POETICGEM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

POETICGEM LIMITED

COMPANY INFORMATION

Directors	Mr A Banaik Mrs P Seth Dr A Bhupatkar
Secretary	Mr K Kanodia
Company number	02608346
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

POETICGEM LIMITED

CONTENTS

POETICGEM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Review of the business

The results for the year and the financial position at the year-end for the company were considered satisfactory by the directors who expect growth in the foreseeable future.

The company's key performance indicator is measured by reference to maintaining growth in net profit.

Profit before tax in 2020 of £298,289 has marginally decreased to £292,757 despite the impact of Covid-19 on the economy.

Other key financial performance indicators can be summarised as follows:

i) Improvement and efficiency of asset usage	**2021**	**2020**
a) Average credit period for trade receivables	35 days	38 days
ii) Financial stability of the company	**2021**	**2020**
Working capital ratio	2.40:1	3.23:1
Liquidity ratio	2.39:1	3.18:1

Key risks and uncertainties

The main risks of the company are summarised below:

- Currency risk
Expenses and revenue of the company are mainly denominated in USD and GBP. As a result, the company is subject to risk of foreign currency movements. It is the company's policy to monitor this risk and to take necessary steps to minimise any adverse effects.

- Liquidity risk
Liquidity risk is the risk that the company may encounter in meeting its financial liabilities obligations as they fall due. During the year, the company continued to be funded from liquid resources retained in the UK. The directors continue to monitor the company's liquidity, taking steps, wherever necessary, to ensure that financial obligations and commitments are met as and when they fall due.

- Market risk
Pressure on margins: As the competition amongst value retailers is increasing, profit margins are under constant pressure. However, the company is spreading its customer base from value retailers to high margin fashion retailers to counter this risk.

-Credit Risk
Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise the risk, management have appropriate credit assessment methods in place to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports.

The main uncertainties of the company are summarised below:

-COVID 19 Impact
Outlook of UK and Global economy has been uncertain during 2020 due to the spread of the Covid-19 virus. The Directors have assessed the impact of this in conjunction with various measures taken to contain the pandemic in UK and across the globe. It is felt that the situation is gradually improving and necessary actions taken during course of the year to mitigate the impact have shown results in the performance of the company. Directors do not believe that there will be any significant implication on the trading activities of the Company in medium to long term and will continue to monitor the situation.

Other business review

- Environmental policy
The company recognises the importance of environmental responsibilities and where practical has an environmental policy in place which includes the recycling of paper and all office materials. The directors believe the nature of its activities has a minimal effect on the environment.

- Health and safety
The company recognises the importance of safeguarding the health, safety and welfare of its employees and has a health and safety policy in place. Regular updates are communicated to all employees.

-Employees
The company aims to ensure that the employees work in a safe and healthy environment. The company encourages the workforce to be involved by providing appropriate training, learning and career development programmes. It is also making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

By order of the board

Mr A Banaik
Director
19 May 2021

POETICGEM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

As stated in note 1.2, the directors have chosen to prepare the financial statements as if they were statutory financial statements for purpose of group consolidation.

Principal activities
The principal activity of the company continued to be that of the design, import and distribution of garments.

Results and dividends
The results for the year are set out on page 10.

The directors do not recommend the payment of a dividend.

Future developments
The business environment is gradually coming out of a global pandemic, which had a severe impact on the UK retail industry. Poeticgem will continue to follow the plans of customer diversification and optimisation of synergies between group companies of PDS Multinational Fashions Limited to bring overall growth and improvement in profitability.

Going concern
The directors confirm that, having reviewed the company's forecasts, they consider that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik
Mrs P Seth
Dr A Bhupatkar

Auditor
The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Energy and carbon report
As the company has not consumed more than 40,000 kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption or energy efficiency activities.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

ABanaik

Mr A Banaik
Director

19 May 2021

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POETICGEM LIMITED

Opinion

We have audited the financial statements of Poeticgem Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETICGEM LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETICGEM LIMITED

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETICGEM LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

19 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

POETICGEM LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	2	10,826,157	10,348,621
Cost of sales		(2,887,625)	(1,300,536)
Gross profit		7,938,532	9,048,085
Distribution costs		(643,898)	(1,765,326)
Administrative expenses		(7,276,944)	(7,545,549)
Other operating income		306,879	600,406
Operating profit	3	324,569	337,616
Investment income	6	2,470	1,401
Finance costs	7	(34,283)	(40,728)
Profit before taxation		292,756	298,289
Tax on profit	8	(100,000)	(100,522)
Profit and total comprehensive income for the financial year		192,756	197,767

The income statement has been prepared on the basis that all operations are continuing operations.

POETICGEM LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Property, plant and equipment	**9**		1,130,662		1,484,296
Investment property	**10**		2,202,346		2,226,765
Investments	**11**		925,491		1,005,700
			4,258,499		4,716,761
Current assets					
Inventories	**13**	65,251		128,568	
Trade and other receivables	**14**	11,767,161		9,561,168	
Cash and cash equivalents		704,896		800,486	
		12,537,308		10,490,222	
Current liabilities					
Borrowings	**16**	71,082		3,921	
Trade and other payables	**17**	4,140,498		2,533,954	
Taxation and social security		520,053		294,439	
Lease liabilities	**18**	266,399		254,473	
		4,998,032		3,086,787	
Net current assets			7,539,276		7,403,435
Total assets less current liabilities			11,797,775		12,120,196
Non-current liabilities	**15**		(545,410)		(844,795)
Provisions for liabilities					
Deferred tax liabilities	**19**		(40,000)		(30,000)
Net assets			11,212,365		11,245,401
Equity					
Called up share capital	**21**		50,000		50,000
Other reserves			(12,839)		212,953
Retained earnings			11,175,204		10,982,448
Total equity			11,212,365		11,245,401

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£

The financial statements were approved by the board of directors and authorised for issue on 19 May 2021 and are signed on its behalf by:

Mr A Banaik
Director

Company Registration No. 02608346

POETICGEM LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Other reserves	Retained earnings	Total
	£	£	£	£
Balance at 1 April 2019, as previously reported	50,000	51,961	10,784,567	10,886,528
Impact of adoption of IFRS 16	-	-	114	114
Balance at 1 April 2019	50,000	51,961	10,784,681	10,886,642
Year ended 31 March 2020:				
Profit and total comprehensive income for the year	-	-	197,767	197,767
Other movements	-	160,992	-	160,992
Balance at 31 March 2020	50,000	212,953	10,982,448	11,245,401
Year ended 31 March 2021:				
Profit and total comprehensive income for the year	-	-	192,756	192,756
Other movements	-	(225,792)	-	(225,792)
Balance at 31 March 2021	50,000	(12,839)	11,175,204	11,212,365

POETICGEM LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 as restated £	2020 as restated £
Cash flows from operating activities					
Cash generated from operations	**25**		261,761		1,210,486
Interest paid			(2,426)		-
Tax paid			(54,884)		-
Net cash inflow from operating activities			204,451		1,210,486
Investing activities					
Purchase of property, plant and equipment		(180,065)		(263,371)	
Proceeds on disposal of investments		80,209		39,747	
Interest received		2,470		1,719	
Net cash used in investing activities			(97,386)		(221,905)
Financing activities					
Repayment of bank loans		67,161		(783,718)	
Payment of lease liabilities		(269,816)		(326,152)	
Net cash used in financing activities			(202,655)		(1,109,870)
Net decrease in cash and cash equivalents			(95,590)		(121,289)
Cash and cash equivalents at beginning of year			800,486		921,661
Effect of adoption on IFRS 16 on reserves			-		114
Cash and cash equivalents at end of year			704,896		800,486

1 Accounting policies

Company information
Poeticgem Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page. The principal activity of the company is disclosed in the Directors' Report.

1.1 Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

These financial statements do not reflect the consolidation of the company's subsidiaries and are not statutory financial statements. The directors have nonetheless prepared and presented on the basis they are statutory financial statements for disclosure purposes in all other aspects.

The company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public.

1.2 Going concern
The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies (Continued)

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

-Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

-Commission receivable

Commission receivable is earned when the supplier delivers to the end customers.

-Rental income

Rental income is earned at arm's length on the freehold property which is occupied by a third party. Rental income under operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the lease.

-Interest income

Interest revenue is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

-Corporate income

Corporate income represents the recovery of cost of services rendered by senior management. It is accounted for on an accrual basis.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	1% straight line on long lease and over lease term for short lease
Fixtures, fittings & equipment	25% reducing balance
Plant and machinery	33.33% reducing balance
Motor vehicles	25% reducing balance

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation. The directors have elected to recognise investment property using the cost model. It is measured initially at cost, including transaction costs, and subsequently at cost less accumulated depreciation and any impairment. Any gain or loss on disposal is recognised in the statement of comprehensive income in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the property.

1 Accounting policies **(Continued)**

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities
The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits
Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.16 Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the fair value of the assets at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1 Accounting policies **(Continued)**

Rentals payable under operating leases, less any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful lives. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease. The capital element reduces the balance owed to the lessor.

1.17 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Revenue

An analysis of the company's revenue is as follows:

	2021	2020
	£	£
Revenue analysed by class of business		
Sale of garments	3,466,917	1,808,181
Commission receivable	7,359,240	8,540,440
	10,826,157	10,348,621

	2021	2020
	£	£
Other significant revenue		
Interest income	2,470	1,401
Grants received	550,437	-

2 Revenue

(Continued)

	2021	2020
	£	£
Revenue analysed by geographical market		
UK	1,808,000	1,644,751
Europe	7,377,992	8,540,440
Rest of the world	1,640,165	163,430
	10,826,157	10,348,621

3 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	738,698	(224,158)
Government grants	(550,437)	-
Fees payable to the company's auditor for the audit of the company's financial statements	25,287	25,353
Depreciation of property, plant and equipment	533,699	489,762
Depreciation of investment property	24,419	24,418
Cost of inventories recognised as an expense	2,887,625	1,300,536

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Designers	40	40
Sales	22	22
Management and administration	18	20
Quality Control	12	13
Total	92	95

4 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	4,739,110	4,675,762
Social security costs	554,910	558,805
Pension costs	88,198	110,007
	5,382,218	5,344,574

5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	90,000	100,000

6 Investment income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	2,470	1,401

Total interest income for financial assets that are not held at fair value through profit or loss is £2,470 (2020 - £1,401).

7 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	453	1
Interest on other loans	1,972	(319)
	2,425	(318)
Interest on other financial liabilities:		
Interest on lease liabilities	31,858	41,046
Total interest expense	34,283	40,728

8 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	90,000	79,522
Adjustments in respect of prior periods	-	(9,000)
Total UK current tax	90,000	70,522
Deferred tax		
Origination and reversal of temporary differences	10,000	30,000
Total tax charge	100,000	100,522

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£	£
Profit before taxation	292,756	298,289
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	55,624	56,675
Effect of expenses not deductible in determining taxable profit	44,376	65,791
Tax losses surrendered from group company	-	(21,944)
Taxation charge for the year	100,000	100,522

9 Property, plant and equipment

	Land and buildings Leasehold	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 31 March 2020	2,452,287	838,278	1,542,453	123,813	4,956,831
Additions	31,544	13,285	111,687	23,549	180,065
At 31 March 2021	2,483,831	851,563	1,654,140	147,362	5,136,896

9 Property, plant and equipment (Continued)

	Land and buildings Leasehold	Fixtures, fittings & equipment	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Accumulated depreciation and impairment					
At 31 March 2020	1,429,426	826,667	1,162,835	53,607	3,472,535
Charge for the year	290,151	20,511	174,035	49,002	533,699
At 31 March 2021	1,719,577	847,178	1,336,870	102,609	4,006,234
Carrying amount					
At 31 March 2021	764,254	4,385	317,269	44,753	1,130,662
At 31 March 2020	1,022,861	11,611	379,618	70,206	1,484,296

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2021	2020
	£	£
Net values		
Property	646,076	1,124,777
Motor vehicles	45,215	92,522
	691,291	1,217,299
Additions	23,549	1,597,131
Depreciation charge for the year		
Property	239,350	239,350
Motor vehicles	38,527	32,330
	277,877	271,680

10 Investment property

	2021
	£
Cost	
At 1 April 2020 and 31 March 2021	2,326,123

10 Investment property (Continued)

Accumulated depreciation	
At 1 April 2020	99,358
Charge for the year	24,419
At 31 March 2021	123,777
Carrying value	
At 31 March 2021	2,202,346
At 31 March 2020	2,226,765

Security
Properties with a carrying value of £2,202,346 (2020: £2,226,765) are subject to a legal charge.

Valuation
Properties with a carrying value of £2,202,346 (2020: £2,226,765) are currently being held for the purpose of rental income from a third party. A formal valuation has been undertaken by an external independent desktop valuation on 16 April 2021, the fair value of the investment property was valued at £3,000,000.

11 Investments

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Investments in subsidiaries	-	-	856,445	856,445
Other investments	-	-	69,046	149,255
	-	-	925,491	1,005,700

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost
Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

11 Investments (Continued)

Movements in non-current investments

	Shares in group undertakings	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 April 2020	856,445	149,255	1,005,700
Valuation changes	-	(80,209)	(80,209)
At 31 March 2021	856,445	69,046	925,491
Carrying amount			
At 31 March 2021	856,445	69,046	925,491
At 31 March 2020	856,445	149,255	1,005,700

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Voting
Pacific Logistics Limited	England and Wales		100.00	100.00
FX Import Company Limited	England and Wales		100.00	100.00
Poetic Knitwear Limited	England and Wales		100.00	100.00

13 Inventories

	2021	2020
	£	£
Finished goods	65,251	128,568

14 Trade and other receivables

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Trade receivables	327,960	186,061	-	-
VAT recoverable	96,007	52,795	-	-
Amount owed by parent undertaking	21,672	21,672	-	-
Amounts owed by subsidiary undertakings	1,363,038	1,347,123	-	-
Amounts owed by fellow group undertakings	8,942,528	6,060,730	-	-
Other receivables	400,288	1,270,099	533,861	533,861
Prepayments and accrued income	81,807	88,827	-	-
	11,233,300	9,027,307	533,861	533,861

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

15 Liabilities

		Current		Non-current	
		2021	2020	2021	2020
	Notes	£	£	£	£
Borrowings	16	71,082	3,921	-	-
Trade and other payables	17	4,140,498	2,533,954	117,575	167,075
Taxation and social security		520,053	294,439	-	-
Lease liabilities	18	266,399	254,473	427,835	677,720
		4,998,032	3,086,787	545,410	844,795

16 Borrowings

	2021	2020
	£	£
Borrowings held at amortised cost:		
Bank loans	71,082	3,921

16 Borrowings (Continued)

Bank loans are arranged at floating rates, thus exposing the company to cash flow interest rate risk.

The other principal features of the company's borrowings are as follows:

i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates to 2.1 percent per annum and is determined based on 2 percent plus base rate.

At 31 March 2021 the company had available £2,500,000 (2020: £2,500,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The company has advances from factors that are secured by a charge on the trade receivables of the company.

The carrying value of all the company's long term borrowings approximate to their fair value as at the balance sheet date.

17 Trade and other payables

	Current		Non-current	
	2021	**2020**	**2021**	**2020**
	£	**£**	**£**	**£**
Trade payables	972,914	444,480	-	-
Amounts owed to fellow group undertakings	2,265,314	1,598,181	-	-
Amounts owed to related parties	28,613	43,387	-	-
Accruals and deferred income	206,907	217,537	-	-
Other payables	666,750	230,369	117,575	167,075
	4,140,498	2,533,954	117,575	167,075

18 Lease liabilities

	2021	**2020**
Maturity analysis	**£**	**£**
Within one year	287,811	285,859
In two to five years	442,690	713,753
Total undiscounted liabilities	730,501	999,612
Future finance charges and other adjustments	(36,267)	(67,419)
Lease liabilities in the financial statements	694,234	932,193

18 Lease liabilities (Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	266,399	254,473
Non-current liabilities	427,835	677,720
	694,234	932,193

	2021	2020
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	31,858	41,046

Other leasing information is included in note 22.

19 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs
	£
Deferred tax balance at 1 April 2019	-
Deferred tax movements in prior year	
Other	30,000
Deferred tax liability at 1 April 2020	30,000
Deferred tax movements in current year	
Credit to profit or loss	10,000
Deferred tax liability at 31 March 2021	40,000

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

20 Retirement benefit schemes

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £88,198 (2020 - £110,007).

21 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

22 Other leasing information

Lessee
Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021	2020
	£	**£**
Expense relating to short-term leases	34,261	50,172
Expense relating to variable lease payments not included in lease liabilities	81,266	180,739

Information relating to lease liabilities is included in note 18.

23 Capital risk management

The company aims to manage its overall capital to ensure that it continues to operate as a going concern and maintains sufficient financial flexibility to undertake planned investments, whilst providing adequate return to shareholders.

The company's capital structure is reviewed on a quarterly basis to ensure that an appropriate level of gearing is being used.

The company calculates its gearing ration as borrowings, including current and non-current borrowings, divided by total capital as represented by borrowings less cash and cash equivalents plus total equity.

24 Related party transactions

	Rent/commission and other income		Purchases/commission and other expenses		Amounts owed from/ (to) related party	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Norwest Industries Limited	328,092	2,220,038	-	33,084	(1,119,431)	(597,473)
Nor Lanka Manufacturing Limited	-	102,318	-	-	4,756	24,720
Multinational Textiles Limited	-	-	-	-	21,672	21,672
Pacific Logistics Limited	-	-	-	-	395,693▲	389,639▲
Simple Approach Limited	-	-	-	-	115,074	97,181
FX Import Company Limited	-	36,163	-	-	710,665*	703,241*
Poeticgem International Limited	6,270,365	5,948,562	140,865	85,208	5,955,733	2,519,915
Techno Design GMBH	-	-	-	-	-	85
Spring Near East Manufacturing Limited	-	-	-	-	255,510	296,161
Casa Forma Ltd	-	-	-	-	-	25,191
Design Arc UK Ltd	-	-	-	-	93,781	53,415
Zamira Fashion Limited	-	-	-	-	11,937	4,168
Blueprint Design Ltd	-	-	-	-	1,991,130	2,040,050
Poetic Knitwear Limited	-	-	-	-	709,798	707,359
JJ Star Industrial Limited	-	-	-	-	41,800	33,718
Digital Internet Technologies	-	-	-	-	994	994
Green Smart Shirts Limited	-	-	-	-	12,781	17,991
Progress Apparels (Bangladesh) Limited	-	-	329,473	-	(6,609)	270
PDS Smart Fabric Tech Limted	-	-	-	-	(21,863)	-
Kleider Sourcing Hongkong Limited	-	-	-	-	-	1,642
PDS Asia Star Corporation Limited	-	-	-	-	10,536	28,744
PDS Far-east Limited	-	-	-	-	759	(19,060)
Twins Asia Limited	-	-	-	-	15,297	10,133
360 Notch Ltd	-	-	-	158,334	-	(247,233)
Nordelhi Manufacturing Ltd	-	-	-	-	-	33,463
Techno Design HK	-	-	-	-	854	79

24 Related party transactions (Continued)

	Rent/commission and other income		Purchases/commission and other expenses		Amounts owed from/ (to) related party	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Recovered Clothing Limited	-	-	-	-	-	-
PDS Tailoring Ltd	-	-	-	-	96,609	-
Green Apparel Industries Ltd	-	-	-	-	(5,144)	-
Design Arc Europe Ltd	-	-	-	-	17,002	43,197
Design Arc Asia Limited	-	-	-	-	25,556	48,776
Poetic Brands Ltd	-	-	-	-	(1,112,268)	(734,415)
PDS Venture Ltd	-	-	49,000	-	24,605	27,717
Clover Collections Ltd	-	-	-	-	262,667	435,749
Fareast Vogue Limite	-	-	-	-	-	-
Grupo Sourcing Limited	-	-	-	-	75	75
Sourcing Solutions Europe	-	-	-	-	-	312,711
Sourcing Solutions Limited	-	-	-	-	-	1,438
PG Group Limited	-	-	-	-	-	839
PDS Multinational Fashions Ltd	-	-	-	-	200	200

* The amount owed by FX Import Company Limited includes an interest free long-term loan of £451,500 (2020: £451,500).
▲ The amount owed by Pacific Logistics Limited includes an interest free long-term loan of £1,617 (2020: £1,617).

The above companies are related as follows:

The ultimate parent of Poeticgem Limited is PDS Multinational Fashions Limited, India.

The immediate parent company of Poeticgem Limited is PDS Sourcing Limited, India.

Pacific Logistics Limited, FX Import Company Limited and Poetic Knitwear Limited are all wholly owned subsidiaries of Poeticgem Limited.

PDS Far-East Limited, Hong Kong, Clover Collections Limited, Hong Kong, and PDS Tailoring Limited are wholly owned subsidiaries of Norwest Industries Limited, Hong Kong, which also owns 95% share in Nor Lanka Manufacturing Limited, Hong Kong,

24 Related party transactions **(Continued)**

Multinational Textiles Group Limited, Mauritius owns 100% share in PDS Ventures Limited, 100% share in Poeticgem International Limited, Hong Kong, 100% share in Casa Forma Limited, 51% share in Grupo Sourcing Limited, Hong Kong, 51% share in PG Group Limited, Hong Kong, 60% share in PDS Asia Star Corporation Limited, Hong Kong and 75% share in Green Apparel Industries Limited.

PDS Sourcing Limited, India owns 85% share in Design Arc UK Limited and 60% in Poetic Brands Limited. Poetic Brands owns Recovered Clothing Limited.

Norwest Industries Limited, Hong Kong owns 100% share in 360 Notch Ltd, 100% share in Design Arc Asia Limited, Hong Kong, 65% share in Spring Near East Manufacturing Limited, Hong Kong, 57.5% share in JJ Star Industries, Hong Kong 75% share in Krayon Sourcing Limited, Hong Kong, 70% share in Design Arc Europe Limited, Hong Kong, 60% share in Fareast Vogue Limited, 100% share in Twins Asia Limited, Hong Kong, 51% share in Kleider Sourcing Hong Kong Limited, Hong Kong and 50% share in Sourcing Solutions Limited.

Sourcing Solutions Europe BVBA are wholly owned by Sourcing Solutions Limited.

Norwest Industries Limited, Hong Kong, Zamira Fashion Limited, Hong Kong, Blueprint Design Ltd, Hong Kong, Nor Delhi Manufacturing Limited, Hong Kong, Digital Internet Technologies Limited, Hong Kong, Green Smart Shirts Limited, Bangladesh, Progress Manufacturing Group Ltd, Hong Kong, Progress Apparels (Bangladesh) Limited, Bangladesh, Techno Design HK Limited, Hong Kong and Simple Approach Limited, Hong Kong are subsidiaries of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Multinational Fashions Limited, India.

Multinational Textile Group Limited, Mauritius is a wholly owned subsidiary of the ultimate parent company, PDS Multinational Fashions Limited, India.

Loans and advances to key management of the company and their close family members:

	£
At the start of the year	(13,514)
Amount advanced during the period	494,273
Amounts repaid during the period	(489,975)
At the end of the year	(9,216)

25 Cash generated from operations

	2021	2020 As restated
	£	£
Profit for the year after tax	192,756	197,767
Adjustments for:		
Taxation charged	100,000	100,522
Finance costs	34,283	40,728
Investment income	(2,470)	(1,401)
Depreciation and impairment of property, plant and equipment	533,699	489,762
Impairment of investment properties	24,419	24,418
Movements in working capital:		
Decrease/(increase) in inventories	63,317	(91,490)
(Increase)/decrease in trade and other receivables	(2,205,993)	890,116
Increase/(decrease) in trade and other payables	1,521,750	(439,936)
Cash generated from operations	261,761	1,210,486

The cash flow statement has been restated so that it is comparable.

Report of the Directors and Audited Financial Statements

360 NOTCH LIMITED

31 March 2021

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Building a better working world

360 NOTCH LIMITED

CONTENTS

360 NOTCH LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The principal activity of the Company involved in investment holding and provision of sourcing service.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 22.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Payel Seth

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or its subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

Independent auditor's report
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of 360 Notch Limited (the "Company") set out on pages 5 to 22, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)
To the member of 360 Notch Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young
Certified Public Accountants
Hong Kong
27 May 2021

360 NOTCH LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	5	131,816	2,562,536
Other income and gains	5	791,863	23,833
Administrative expenses		(150,518)	(3,842,114)
Selling and distribution expenses		(66,838)	(292,197)
Other operating expenses		(250)	-
PROFIT/(LOSS) BEFORE TAX	6	706,073	(1,547,942)
Income tax expense	8	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		706,073	(1,547,942)

360 NOTCH LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSET			
Investment in a subsidiary	9	586,225	586,225
CURRENT ASSETS			
Prepayments and other receivables		777,123	462,096
Due from fellow subsidiaries	11(b)	2,654,795	3,265,044
Cash and cash equivalents		372,214	533,164
Total current assets		3,804,132	4,260,304
CURRENT LIABILITIES			
Other payables and accruals		53,590	36,400
Due to the immediate holding company	11(b)	26,639,414	27,071,214
Due to fellow subsidiaries	11(b)	132,260	886,920
Due to a subsidiary	11(b)	593,250	586,225
Total current liabilities		27,418,514	28,580,759
NET CURRENT LIABILITIES		(23,614,382)	(24,320,455)
Net liabilities		(23,028,157)	(23,734,230)
EQUITY			
Share capital	10	778,000	778,000
Accumulated losses		(23,806,157)	(24,512,230)
Net deficiency in assets		(23,028,157)	(23,734,230)

Pallak Seth
Director

Deepak Kumar Seth
Director

360 NOTCH LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	778,000	(22,964,288)	(22,186,288)
Loss and total comprehensive loss for the year	-	(1,547,942)	(1,547,942)
At 31 March 2020 and 1 April 2020	778,000	(24,512,230)	(23,734,230)
Profit and total comprehensive income for the year	-	706,073	706,073
At 31 March 2021	778,000	(23,806,157)	(23,028,157)

360 NOTCH LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		706,073	(1,547,942)
Adjustment for interest income	5	(3)	(167)
		706,070	(1,548,109)
Increase in prepayments and other receivables		(315,027)	(399,369)
Decrease in amounts due from fellow subsidiaries		610,249	3,486,295
Increase/(decrease) in other payables and accruals		17,190	(38,863)
Increase/(decrease) in an amount due to the immediate holding company		(431,800)	426,058
Decrease in amounts due to fellow subsidiaries		(754,660)	(1,468,400)
Increase in an amounts due to a subsidiary		7,025	-
Cash generated from/(used in) operations		(160,953)	457,612
Interest received		3	167
Net cash flows from operating activities and net increase/(decrease) in cash and cash equivalents		(160,950)	457,779
Cash and cash equivalents at the beginning of year		533,164	75,385
CASH AND CASH EQUIVALENTS AT END OF YEAR		372,214	533,164
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		372,214	533,164

1. CORPORATE INFORMATION

360 Notch Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company was engaged in investment holding and provision of sourcing service.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company of an intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate and it has satisfied the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements of the Company and its subsidiary (together, the "Group") is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosure of Interests in Other Entities" does not apply to the financial statements.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary
A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The results of the subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment loss.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the each of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Commission income is recognised at the point in time when control of the services is transferred to the customer when service is rendered.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)
Other income (continued)
Management fee income is recognised when the relevant services has been rendered.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Determination of functional currency
In determining the functional currency of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the Company operates and the Company's process of determining sales prices. Management has assessed that prices are mainly denominated and settled in HK$ and therefore, management concluded that the functional currency of the Company is HK$.

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

The Company's revenue from contracts with customers related to commission income from sourcing service which is recognised at a point in time. The performance obligation is satisfied upon delivery of the fabric products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2021 HK$	2020 HK$
Other income and gains		
Bank interest income	3	167
Foreign exchange differences, net	85,787	23,666
Management fee income	706,073	-
	791,863	23,833

6. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	2021 HK$	2020 HK$
Auditor's remuneration	15,000	15,000
Foreign exchange differences, net	(85,787)	(23,666)

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made in the year ended 31 March 2021 as the Company has available tax losses brought forward from prior years to offset the assessable profits generated during the year

No provision for Hong Kong profits tax has been made in the year ended 31 March 2020 as the Company did not generate any assessable profits arising in Hong Kong during the prior year.

A reconciliation of the tax credit applicable to profit/(loss) before tax using the Hong Kong statutory tax rate of 16.5% (2020: 16.5%) to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit/(loss) before tax	706,073	(1,547,942)
Tax expense/(credit) at the statutory tax rate	116,502	(255,410)
Tax losses not recognised	-	255,410
Tax losses utilised from previous periods	(124,304)	-
Expenses not deductible for tax	7,802	-
Tax at the effective tax rate	-	-

As at the end of the reporting period, the Company had unused tax losses of HK$18,187,891 (2020: HK$18,941,249), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets have not been recognised in respect of these losses on account of the unpredictability of future profit streams of the Company.

9. INVESTMENT IN A SUBSIDIARY

	2021 HK$	2020 HK$
Unlisted investments, at cost	586,225	586,225

9. INVESTMENT IN A SUBSIDIARY (continued)

Information about the subsidiary
Particulars of the Company's subsidiary as at 31 March 2021 are as follows:

Name	Place of registration and business	Percentage of equity directly attributable to the Company	Principal activities
Smart Notch (Shanghai) Limited	PRC /Mainland China	100	Trading of garment products

10. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
100,000 (2020: 100,000) ordinary shares	778,000	778,000

11. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with the related parties during the year:

	2021 HK$	2020 HK$
Immediate holding company:		
Consultancy fee expenses	105,030	-
Intermediate holding company:		
Recharge expenses paid	-	4,506,502
Fellow subsidiaries:		
Management fee income received	706,073	-
Consultancy fee expenses	-	529,040
Commissions income received	-	2,469,176

11. RELATED PARTY TRANSACTIONS (continued)

(b) The balances with the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company representing directors' remuneration as disclosed in note 7 to the financial statements.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise financial assets included in prepayments and other receivables, amounts due from fellow subsidiaries and cash and cash equivalents which are categorised as financial asset at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the notes to the financial statements.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, amounts due to the immediate holding company, fellow subsidiaries and a subsidiary which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the financial statements.

13. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging
The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise amounts due from fellow subsidiaries and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

The amounts due from fellow subsidiaries and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of amounts due from fellow subsidiaries is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or repayable within three months subsequent to the end of the reporting period.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Company Registration No. 11480949 (England and Wales)

RECOVERED CLOTHING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

RECOVERED CLOTHING LIMITED

COMPANY INFORMATION

Directors	Mr A Banaik Mr E Mathews
Secretary	Mr K Kanodia
Company number	11480949
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

RECOVERED CLOTHING LIMITED

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RECOVERED CLOTHING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company is that of import and distribution of garments.

Results and dividends
The results for the year are set out on page 7.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik
Mr E Mathews

Auditor
UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company’s transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company’s auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company’s auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

COVID-19 impact

Outlook of UK and Global economy has been uncertain during 2020 due to the spread of the Covid-19 virus. The Directors have assessed the impact of this in conjunction with various measures taken to contain the pandemic in UK and across the globe. It is felt that the situation is gradually improving and necessary actions taken during course of the year to mitigate the impact have shown results in the performance of the company. Directors do not believe that there will be any significant implication on the trading activities of the Company in medium to long term and will continue to monitor the situation.

On behalf of the board

Banaik

Mr A Banaik
Director

19 May 2021

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RECOVERED CLOTHING LIMITED

Opinion

We have audited the financial statements of Recovered Clothing Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 ‘Reduced Disclosure Framework’ (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF RECOVERED CLOTHING LIMITED

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RECOVERED CLOTHING LIMITED

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF RECOVERED CLOTHING LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

19 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

RECOVERED CLOTHING LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	**2**	381,971	111,811
Cost of sales		(313,528)	(108,864)
Gross profit		68,443	2,947
Administrative expenses		(160,847)	(144,447)
Loss before taxation	**3**	(92,404)	(141,500)
Tax on loss		-	-
Loss and total comprehensive income for the financial year		(92,404)	(141,500)

The income statement has been prepared on the basis that all operations are continuing operations.

RECOVERED CLOTHING LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Inventories	5	182,456		132,839	
Trade and other receivables	6	69,782		17,338	
Cash and cash equivalents		66,628		62,456	
		318,866		212,633	
Current liabilities	7	(552,042)		(353,405)	
Net current liabilities			(233,176)		(140,772)
Equity					
Called up share capital	9		50,000		50,000
Retained earnings			(283,176)		(190,772)
Total equity			(233,176)		(140,772)

The financial statements were approved by the board of directors and authorised for issue on 19 May 2021 and are signed on its behalf by:

Mr A Banaik
Director

Company Registration No. 11480949

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2019	50,000	(49,272)	728
Period ended 31 March 2020:			
Loss and total comprehensive income for the period	-	(141,500)	(141,500)
Balance at 31 March 2020	50,000	(190,772)	(140,772)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(92,404)	(92,404)
Balance at 31 March 2021	50,000	(283,176)	(233,176)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**12**		4,172		10,853
Net cash inflow from operating activities			4,172		10,853
Net increase in cash and cash equivalents			4,172		10,853
Cash and cash equivalents at beginning of year			62,456		51,603
Cash and cash equivalents at end of year			66,628		62,456

1 Accounting policies

Company information

Recovered Clothing Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 11.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

1 Accounting policies **(Continued)**

1.3 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

The nature, timing of satisfaction of performance obligations and significant payment terms of the company's major sources of revenue are as follows:

1.4 Inventories

Inventories are valued at the lower of cost and new realisable value, after making due allowance for obsolete and slow moving items.

1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

1.7 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company’s obligations are discharged, cancelled, or they expire.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.10 Fair value measurment

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

2 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Sale of garments	381,971	111,811

3 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	3,271	(271)
Fees payable to the company's auditor for the audit of the company's financial statements	2,500	2,500
Cost of inventories recognised as an expense	313,528	108,864

4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2021	2020
	Number	Number
	2	2

5 Inventories

	2021	2020
	£	£
Finished goods	182,456	132,839

6 Trade and other receivables

	2021 £	2020 £
Trade receivables	25,072	14,253
VAT recoverable	32,884	2,989
Other receivables	7,868	96
Prepayments and accrued income	3,958	-
	69,782	17,338

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

7 Liabilities

	Notes	2021 £	2020 £
Trade and other payables	**8**	552,042	353,405

8 Trade and other payables

	2021 £	2020 £
Trade payables	11,916	4,317
Amount owed to parent undertaking	537,626	346,588
Accruals and deferred income	2,500	2,500
	552,042	353,405

9 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary Shares of £1 each	50,000	50,000	50,000	50,000

10 Related party transactions

During the period ended 31Mar 2021, the company entered into the following transactions with related parties:

	Purchases/ Commission and other expenses 2020-21	Amounts owed to related party at 31 Mar 2020-21
	£	£
Poetic Brands Ltd	209,801	537,626

11 Controlling party

The immediate parent company is Poetic Brands Limited, a company registered in England and Wales. The ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained at # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

12 Cash generated from operations

	2021	2020
	£	£
Loss for the year after tax	(92,404)	(141,500)
Movements in working capital:		
Increase in inventories	(49,617)	(121,979)
Increase in trade and other receivables	(52,444)	(5,660)
Increase in trade and other payables	198,637	279,992
Cash generated from operations	4,172	10,853

RECOVERED CLOTHING LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

RECOVERED CLOTHING LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		Period ended 31 March 2021		Year ended 31 March 2020
	£	£	£	£
Revenue				
Sales of goods		381,971		111,811
Cost of sales				
Opening stock of finished goods	132,839		10,680	
Direct costs	356,101		217,585	
Carriage inwards and import duty	7,044		12,920	
Trims and accessories	-		518	
Closing stock of finished goods	(182,456)		(132,839)	
		(313,528)		(108,864)
Gross profit		68,443		2,947
Administrative expenses		(160,847)		(144,447)
Operating loss		(92,404)		(141,500)

RECOVERED CLOTHING LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Administrative expenses		
Computer running costs	-	2,150
Travelling expenses	-	161
Postage, courier and delivery charges	-	63
Legal and professional fees	412	3,189
Consultancy fees	41,310	59,598
Accountancy	250	596
Audit fees	2,500	2,500
Bank charges	83	85
Insurances (not premises)	-	330
Books, periodicals, reference materials	1,224	1,257
Advertising	111,532	74,273
Other office supplies	265	516
Profit or loss on foreign exchange	3,271	(271)
	160,847	144,447

Company Registration No. 04944346 (England and Wales)

PACIFIC LOGISTICS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

PACIFIC LOGISTICS LIMITED

COMPANY INFORMATION

Directors	Mrs P Seth Mr A Banaik
Secretary	Mr K Kanodia
Company number	04944346
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

PACIFIC LOGISTICS LIMITED

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The company did not trade during the year.

Results and dividends
The results for the year are set out on page 7.

The directors do not recommend the payment of a dividend for the year.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mrs P Seth
Mr A Banaik

Auditor
The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Mr A Banaik
Director

29 April 2021

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACIFIC LOGISTICS LIMITED

Opinion

We have audited the financial statements of Pacific Logistics Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PACIFIC LOGISTICS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PACIFIC LOGISTICS LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PACIFIC LOGISTICS LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

19 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

PACIFIC LOGISTICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Administrative expenses		(5,081)	(5,545)
Tax on loss		-	-
Loss and total comprehensive income for the financial year		(5,081)	(5,545)

PACIFIC LOGISTICS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Trade and other receivables	4	1,009		1,009	
Cash and cash equivalents		4,128		3,155	
		5,137		4,164	
Current liabilities	5	(399,076)		(393,022)	
Net current liabilities			(393,939)		(388,858)
Non-current liabilities	5		(1,617)		(1,617)
Net liabilities			(395,556)		(390,475)
Equity					
Called up share capital	8		10,000		10,000
Retained earnings			(405,556)		(400,475)
Total equity			(395,556)		(390,475)

The financial statements were approved by the board of directors and authorised for issue on 29 April 2021 and are signed on its behalf by:

Mr A Banaik
Director

Company Registration No. 04944346

PACIFIC LOGISTICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2019	10,000	(394,930)	(384,930)
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(5,545)	(5,545)
Balance at 31 March 2020	10,000	(400,475)	(390,475)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(5,081)	(5,081)
Balance at 31 March 2021	10,000	(405,556)	(395,556)

PACIFIC LOGISTICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	13		973		(18)
Net cash inflow/(outflow) from operating activities			973		(18)
Net increase/(decrease) in cash and cash equivalents			973		(18)
Cash and cash equivalents at beginning of year			3,155		3,173
Cash and cash equivalents at end of year			4,128		3,155

1 Accounting policies

Company information

Pacific Logistics Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 12.

1.2 Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date, the company's current liabilities exceeded its current assets by £393,939 (2020: £388,858).

The directors consider the going concern basis to be appropriate because, in their opinion, the company will continue to obtain sufficient funding from its fellow group companies to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

1 Accounting policies **(Continued)**

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies (Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	5,045	5,045

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Management	2	2

4 Trade and other receivables

	2021	2020
	£	£
VAT recoverable	1,009	1,009

5 Liabilities

		Current		Non-current	
		2021	2020	2021	2020
	Notes	£	£	£	£
Borrowings	6	-	-	1,617	1,617
Trade and other payables	7	399,076	393,022	-	-
		399,076	393,022	1,617	1,617

6 Borrowings

	Non-current	
	2021	2020
	£	£
Borrowings held at amortised cost:		
Loans from parent undertaking	1,617	1,617

This represents an unpaid interest free loan from Poeticgem Limited, the parent company.

The carrying value of all the company's long-term borrowings approximate to their fair value as at the balance sheet date.

7 Trade and other payables

	2021	2020
	£	£
Amount owed to parent undertaking	394,076	388,022
Accruals and deferred income	5,000	5,000
	399,076	393,022

8 Share capital	**2021**	**2020**
	£	**£**
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary Shares of £1 each	10,000	10,000

9 Contingent liabilities

The company has extended an Unlimited Multilateral Guarantee on 28 August 2012 to its parent and fellow subsidiaries, Poeticgem Limited and FX Import Company Limited.

The bank has a fixed and floating charge over the assets of the company as security.

10 Financial risk management

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2021, the company held cash and cash equivalents of £4,128 (2020: £3,155).

Foreign currency risk
The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

11 Related party transactions

During the year, the company entered into the following transactions with related parties:

	Amounts owed to related parties	
	2021	2020
	£	£
Poeticgem Limited, UK	395,693*	389,639*

The immediate parent company of Pacific Logistics Limited is Poeticgem Limited.

*The above loan includes a long term loan of £1,617, is interest free and repayable on demand.

No guarantees have been given or received.

12 Controlling party

The immediate parent company is Poeticgem Limited, a company registered in England and Wales and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

13 Cash generated from/(absorbed by) operations

	2021	2020
	£	£
Loss for the year after tax	(5,081)	(5,545)
Movements in working capital:		
Increase in trade and other receivables	-	(1,009)
Increase in trade and other payables	6,054	6,536
Cash generated from/(absorbed by) operations	973	(18)

PACIFIC LOGISTICS LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

PACIFIC LOGISTICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020
	£	£	£	£
Administrative expenses		(5,081)		(5,545)
Operating loss		(5,081)		(5,545)

PACIFIC LOGISTICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Audit fees	5,045	5,045
Bank charges	36	17
Insurances (not premises)	-	483
	5,081	5,545

Company Registration No. 6863593 (England and Wales)

POETIC KNITWEAR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

POETIC KNITWEAR LIMITED

COMPANY INFORMATION

Directors	Mr P Seth Mr D Seth
Secretary	Mr K Kanodia
Company number	6863593
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

POETIC KNITWEAR LIMITED

CONTENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The company did not trade during the year.

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Seth
Mr D Seth

Auditor
The auditors, UHY Hacker Young, are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board

Mr P Seth
Director

29 April 2021

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POETIC KNITWEAR LIMITED

Opinion

We have audited the financial statements of Poetic Knitwear Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC KNITWEAR LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statement in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC KNITWEAR LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC KNITWEAR LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

19 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

POETIC KNITWEAR LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Administrative expenses		(2,062)	(1,987)
Tax on loss		-	-
Loss and total comprehensive income for the financial year		(2,062)	(1,987)

POETIC KNITWEAR LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Current assets					
Trade and other receivables	4	-		406	
Cash and cash equivalents		4,149		3,366	
		4,149		3,772	
Current liabilities	5	(711,798)		(709,359)	
Net current liabilities			(707,649)		(705,587)
Equity					
Called up share capital	7		100		100
Retained earnings			(707,749)		(705,687)
Total equity			(707,649)		(705,587)

The financial statements were approved by the board of directors and authorised for issue on 29 April 2021 and are signed on its behalf by:

Mr P Seth
Director

Company Registration No. 6863593

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2019	100	(703,700)	(703,600)
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(1,987)	(1,987)
Balance at 31 March 2020	100	(705,687)	(705,587)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(2,062)	(2,062)
Balance at 31 March 2021	100	(707,749)	(707,649)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**12**		783		45
Net cash inflow from operating activities			783		45
Net increase in cash and cash equivalents			783		45
Cash and cash equivalents at beginning of year			3,366		3,321
Cash and cash equivalents at end of year			4,149		3,366

1 Accounting policies

Company information

Poetic Knitwear Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1,
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets,

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 12.

1.2 Going concern

The financial statements have been prepared on a going concern basis even though at the balance sheet date the company's current liabilities exceeded its current assets by £707,649 (2020: £705,587).

The directors consider the going concern basis to be appropriate because in their opinion, the company will continue to obtain sufficient funding from its fellow group companies to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of the assets to their realisable amount and to provide for any further liabilities which might arise.

1 Accounting policies **(Continued)**

1.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.4 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.5 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies (Continued)

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.6 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

1.8 Foreign exchange
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	2,000	2,000

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2020: 2)

4 Trade and other receivables

	2021	2020
	£	£
VAT recoverable	-	406

5 Liabilities

	Notes	2021	2020
		£	£
Trade and other payables	6	711,798	709,359

6 Trade and other payables

	2021	2020
	£	£
Amount owed to parent undertaking	709,798	707,359
Accruals and deferred income	2,000	2,000
	711,798	709,359

7 Share capital

	2021	2020
Ordinary share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each	100	100

8 Financial risk Management

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk
As the company has not traded in the year, it was not exposed to such risk.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, compromising cash and cash equivalents. On the basis of expected cash flow, At 31 March 2021, the company held cash and cash equivalents of £4,149 (2020: £3,366).

Foreign Currency risk
The company has not undertaken any transactions denominated in foreign currencies. Hence, the company is not exposed to exchange rate fluctuations.

9 Capital risk management

The company managed its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, compromising of issued capital, reserves and retained earnings.

10 Related party transactions

During the year £2,439 (2020: £2,438) of expenses were paid by Poeticgem Limited, resulting in the amounts due to related parties increasing to £709,798 (2020: £707,359).

Poetic Knitwear Limited is a wholly owned subsidiary of Poeticgem Limited, and the above balances mentioned are repayable on demand.

11 Controlling party

The immediate parent company is Poeticgem limited, a company registered in England and Wales and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

12 Cash generated from operations

	2021	2020
	£	£
Loss for the year after tax	(2,062)	(1,987)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	406	(406)
Increase in trade and other payables	2,439	2,438
Cash generated from operations	783	45

POETIC KNITWEAR LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

POETIC KNITWEAR LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020
	£	£	£	£
Administrative expenses		(2,062)		(1,987)
Operating loss		(2,062)		(1,987)

POETIC KNITWEAR LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Audit fees	2,000	2,000
Bank charges	62	(45)
Sundry expenses	-	32
	2,062	1,987

Company Registration No. 09390969 (England and Wales)

POETIC BRANDS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

POETIC BRANDS LIMITED

COMPANY INFORMATION

Directors	Mr A Banaik Mrs P Seth Mr E Matthews
Secretary	Mr K Kanodia
Company number	09390969
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

CONTENTS

POETIC BRANDS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Review of the business

The results for the year and the financial position at the year-end for the company were considered satisfactory by the directors who expect growth in the foreseeable future.

The company's key performance indicator is measured by reference to maintaining growth in net profit.

Profit before tax in 2020 of £215,316 has increased to £860,228 which is a positive sign that company strategy of customer diversification and optimisation is on the correct path.

Other key financial performance indicators can be summarised as follows:

i) Improvement and efficiency of asset usage	**2021**	**2020**
a) Average credit period for trade receivables	82 days	56 days
ii) Financial stability of the company	**2021**	**2020**
Working capital ratio	1.35	1.36
Liquidity ratio	1.32	1.30

Key risks and uncertainties

The main risks of the company are summarised below:

- Currency risk
Expenses and revenue of the company are mainly denominated in USD and GBP. As a result, the company is subject to risk of foreign currency movements. It is the company's policy to monitor this risk and to take necessary steps to minimise any adverse effects.

- Liquidity risk
Liquidity risk is the risk that the company may encounter in meeting its financial liabilities obligations as they fall due. During the year, the company continued to be funded from liquid resources retained in the UK. The directors continue to monitor the company's liquidity, taking steps, wherever necessary, to ensure that financial obligations and commitments are met as and when they fall due.

- Market risk
Pressure on margins: As the competition amongst value retailers is increasing, profit margins are under constant pressure. However, the company is spreading its customer base from value retailers to high margin fashion retailers to counter this risk.

-Credit Risk
Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise the risk, management have appropriate credit assessment methods in place to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports.

The main uncertainties of the company are summarised below:

-COVID 19 Impact
Outlook of UK and Global economy has been uncertain during 2020 due to the spread of the Covid-19 virus. The Directors have assessed the impact of this in conjunction with various measures taken to contain the pandemic in UK and across the globe. It is felt that the situation is gradually improving and necessary actions taken during course of the year to mitigate the impact have shown results in the performance of the company. Directors do not believe that there will be any significant implication on the trading activities of the Company in medium to long term and will continue to monitor the situation.

Other business review

- Environmental policy
The company recognises the importance of environmental responsibilities and where practical has an environmental policy in place which includes the recycling of paper and all office materials. The directors believe the nature of its activities has a minimal effect on the environment.

- Health and safety
The company recognises the importance of safeguarding the health, safety and welfare of its employees and has a health and safety policy in place. Regular updates are communicated to all employees.

-Employees
The company aims to ensure that the employees work in a safe and healthy environment. The company encourages the workforce to be involved by providing appropriate training, learning and career development programmes. It is also making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

On behalf of the board

Banaik

Mr A Banaik
Director
19 May 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of import and distribution of garments including selling license rights in exchange for royalties.

Results and dividends
The results for the year are set out on page 10.

The directors do not recommend payment of a dividend in the year.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik
Mrs P Seth
Mr E Matthews

Future developments
The business environment is gradually coming out of a global pandemic, which had a severe impact on the UK retail industry. Poetic Brands will follow the plans of customer and category diversification along with optimisation of synergies between group companies of PDS Multinational Fashions Limited to bring overall growth and improvement in profitability.

Auditor
The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr A Banaik
Director

19 May 2021

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF POETIC BRANDS LIMITED

Opinion

We have audited the financial statements of Poetic Brands Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC BRANDS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC BRANDS LIMITED

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the website of the Financial Reporting Council at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF POETIC BRANDS LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

19 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

POETIC BRANDS LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	**2**	15,467,099	10,246,885
Cost of sales		(13,194,183)	(8,566,228)
Gross profit		2,272,916	1,680,657
Distribution costs		(135,762)	(137,548)
Administrative expenses		(1,319,819)	(1,291,732)
Other operating income		74,658	-
Operating profit	**3**	891,993	251,377
Finance costs	**6**	(31,765)	(36,061)
Profit before taxation		860,228	215,316
Tax on profit	**7**	(170,000)	(18,072)
Profit and total comprehensive income for the financial year		690,228	197,244

The income statement has been prepared on the basis that all operations are continuing operations.

POETIC BRANDS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Investments	**8**		50,000		50,000
Current assets					
Inventories	**10**	111,290		154,554	
Trade and other receivables	**11**	5,672,118		3,204,421	
Cash and cash equivalents		408,899		46,843	
		6,192,307		3,405,818	
Current liabilities	**12**	(4,598,155)		(2,501,894)	
Net current assets			1,594,152		903,924
Total assets less current liabilities			1,644,152		953,924
Non-current liabilities	**12**		(652,804)		(652,804)
Net assets			991,348		301,120
Equity					
Called up share capital	**16**		50,000		50,000
Retained earnings			941,348		251,120
Total equity			991,348		301,120

The financial statements were approved by the board of directors and authorised for issue on 19 May 2021 and are signed on its behalf by:

Banaik

Mr A Banaik
Director

Company Registration No. 09390969

POETIC BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2019	50,000	53,876	103,876
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	197,244	197,244
Balance at 31 March 2020	50,000	251,120	301,120
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	690,228	690,228
Balance at 31 March 2021	50,000	941,348	991,348

POETIC BRANDS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	20		254,926		(376,912)
Interest paid			(31,765)		(36,061)
Tax paid			(19,406)		(23,506)
Net cash inflow/(outflow) from operating activities			203,755		(436,479)
Financing activities					
Repayment of borrowings		158,301		163,687	
Net cash generated from financing activities			158,301		163,687
Net increase/(decrease) in cash and cash equivalents			362,056		(272,792)
Cash and cash equivalents at beginning of year			46,843		319,635
Cash and cash equivalents at end of year			408,899		46,843

1 Accounting policies

Company information
Poetic Brands Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 19.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1 Accounting policies **(Continued)**

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

-Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

-Commission receivable

Commission receivable is earned when the supplier delivers to the end customers.

-Licence fee income

Licence fee income is earned from the royalty agreements with various Licensors, when the ordered goods have been delivered to the customers.

1.4 Non-current investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

1.5 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Sale of garments	15,302,796	9,897,737
Licence fee income	164,303	349,148
	15,467,099	10,246,885

	2021	2020
	£	£
Other significant revenue		
Grants received	74,658	-

2 Revenue (Continued)

	2021	2020
	£	£
Revenue analysed by geographical market		
UK	13,273,911	9,179,119
Rest of World	1,643,402	80,454
Europe	549,786	987,312
	15,467,099	10,246,885

3 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	1,102	11,454
Government grants	(74,658)	-
Fees payable to the company's auditor for the audit of the company's financial statements	6,542	8,084
Cost of inventories recognised as an expense	13,194,183	8,566,228

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Management and administration	2	2
Designers	10	8
Sales	9	7
Quality control	1	-
Total	22	17

4 Employees (Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	838,191	881,437
Social security costs	96,783	100,416
Pension costs	12,676	14,327
	947,650	996,180

5 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	100,000	190,000

6 Finance costs

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	13	180
Interest on other loans	31,752	35,881
	31,765	36,061

7 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	170,000	19,171
Adjustments in respect of prior periods	-	(1,099)
Total UK current tax	170,000	18,072

7 Taxation (Continued)

	2021	2020
	£	£

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£	£
Profit before taxation	860,228	215,316
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	163,443	40,910
Effect of expenses not deductible in determining taxable profit	6,557	5,146
Group relief	-	(26,885)
Under/(over) provided in prior years	-	(1,099)
Taxation charge for the year	170,000	18,072

8 Investments

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Investments in subsidiaries	-	-	50,000	50,000

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

8 Investments **(Continued)**

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2020 & 31 March 2021	50,000
Carrying amount	
At 31 March 2021	50,000
At 31 March 2020	50,000

9 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct	% Held Voting
Recovered Clothing Limited	United Kingdom		100.00	100.00

10 Inventories

	2021	2020
	£	£
Finished goods	111,290	154,554

11 Trade and other receivables

	2021	2020
	£	£
Trade receivables	3,467,926	1,563,686
Provision for bad and doubtful debts	(35,000)	-
	3,432,926	1,563,686
VAT recoverable	54,434	21,896
Amounts owed by subsidiary undertakings	537,626	346,588
Other receivables	1,166,174	888,507
Prepayments and accrued income	480,958	383,744
	5,672,118	3,204,421

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

12 Liabilities

		Current		Non-current	
		2021	2020	2021	2020
	Notes	£	£	£	£
Borrowings	13	431,039	272,738	-	-
Trade and other payables	14	3,927,100	2,187,549	652,804	652,804
Taxation and social security		240,016	41,607	-	-
		4,598,155	2,501,894	652,804	652,804

13 Borrowings

	2021	2020
	£	£
Borrowings held at amortised cost:		
Other loans	431,039	272,738

	2021	2020
	£	£
Secured borrowings included above:		
Loans from related parties	(652,804)	(652,804)

13 Borrowings **(Continued)**

This represents an interest free loan from Global Textile Group Limited, a fellow group company.

The carrying value of all the company's long-term borrowings approximate to their fair value as at the balance sheet date.

14 Trade and other payables

	Current		Non-current	
	2021	2020	2021	2020
	£	£	£	£
Trade payables	2,553,464	897,956	-	-
Amount owed to parent undertaking	-	-	652,804	652,804
Accruals and deferred income	872,291	737,837	-	-
Other payables	501,345	551,756	-	-
	3,927,100	2,187,549	652,804	652,804

15 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £12,676 (2020 - £14,327).

16 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

17 Financial risk management

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2021, the company held cash and cash equivalents of £408,899 (2020: £46,843).

Foreign currency risk
The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

18 Related party transactions

	Sales in the period		Purchases in the period		Amounts owed from/ (to)	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
PDS Sourcing Limited	-	-	-	-	(652,804)*	(652,804)*
Multinational Textile Group Limited, Mauritius	-	-	-	-	-	-
Norlanka Manufacturing Limited	-	-	208,914	-	(208,914)	(429,460)
Poeticgem International Limited, Hong Kong	-	-	83,560	-	-	-
Grupo Sourcing Limited	-	-	-	-	-	-
Poeticgem Limited.	-	-	-	-	1,112,267	734,415
Recovered Clothing Limited	209,801	175,933	-	-	537,626	346,588
Design Arc Asia Limited	-	-	23,884	46,949	(71,648)	(47,674)

The above balances are interest free and repayable on demand.

* Included within this balance is a loan of £652,804 (2020: £652,804) which is an unpaid interest free long term loan.

The immediate parent company of Poetic Brands Limited is PDS Sourcing Limited.

Norwest Industries Limited, Hong Kong, Poeticgem International Limited, Hong Kong, and Grupo Sourcing Limited are fellow subsidiaries of PDS Sourcing Limited, Mauritius.

Norwest Industries Limited, Hong Kong owns 100% share in Design Arc Asia Limited, Hong Kong and 95% in Norlanka Manufacturing Limited.

Poeticgem Limited is a subsidiary of PDS Sourcing Limited, Mauritius.

PDS Sourcing Limited, Mauritius is a subsidiary of Multinational Textile Group Limited, Mauritius.

19 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

20 Cash generated from/(absorbed by) operations

	2021	2020
	£	£
Profit for the year after tax	690,228	197,244
Adjustments for:		
Taxation charged	170,000	18,072
Finance costs	31,765	36,061
Movements in working capital:		
Decrease in inventories	43,264	85,747
Increase in trade and other receivables	(2,467,697)	(778,287)
Increase in trade and other payables	1,787,366	64,251
Cash generated from/(absorbed by) operations	254,926	(376,912)

Company Registration No. 06060342 (England and Wales)

CASA FORMA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

CASA FORMA LIMITED

COMPANY INFORMATION

Directors	Mr P Seth Mr A Banaik
Company number	06060342
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

CASA FORMA LIMITED

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of interior design.

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Seth
Mr A Banaik

Auditor
The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

COVID-19 impact
The outlook of the UK and Global economy still remains uncertain due to the COVID-19 virus, but with the vaccination rollout, the economy is returning back to pre-COVID-19 normality. The directors have assessed the impact to the company and they do not believe there to be any significant impact on the trading activities of the company in the short to medium term

On behalf of the board

Mr A Banaik
Director

7 May 2021

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CASA FORMA LIMITED

Opinion

We have audited the financial statements of Casa Forma Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASA FORMA LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASA FORMA LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.below.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CASA FORMA LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

10 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	**2**	55,632	129,006
Cost of sales		-	(74,802)
Gross profit		55,632	54,204
Administrative expenses		(58,652)	(93,368)
Loss before taxation	**3**	(3,020)	(39,164)
Tax on loss		-	-
Loss and total comprehensive income for the financial year	**10**	(3,020)	(39,164)

The income statement has been prepared on the basis that all operations are continuing operations.

CASA FORMA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Property, plant and equipment	**5**		586		781
Current assets					
Trade and other receivables	**6**	718		10,624	
Cash and cash equivalents		37,645		58,937	
		38,363		69,561	
Current liabilities	**7**	(9,336)		(37,709)	
Net current assets			29,027		31,852
Total assets less current liabilities			29,613		32,633
Equity					
Called up share capital	**9**		925,000		925,000
Retained earnings	**10**		(895,387)		(892,367)
Total equity			29,613		32,633

The financial statements were approved by the board of directors and authorised for issue on 7 May 2021 and are signed on its behalf by:

Mr A Banaik
Director

Company Registration No. 06060342

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 April 2019	925,000	(853,203)	71,797
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(39,164)	(39,164)
Balance at 31 March 2020	925,000	(892,367)	32,633
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(3,020)	(3,020)
Balance at 31 March 2021	925,000	(895,387)	29,613

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash absorbed by operations	**14**		(21,292)		(21,225)
Net cash outflow from operating activities			(21,292)		(21,225)
Financing activities					
Proceeds from issue of shares		-		78,074	
Net cash (used in)/generated from financing activities			-		78,074
Net (decrease)/increase in cash and cash equivalents			(21,292)		56,849
Cash and cash equivalents at beginning of year			58,937		2,088
Cash and cash equivalents at end of year			37,645		58,937

1 Accounting policies

Company information
Casa Forma Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention
The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 13.

1.2 Going concern
The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

1 Accounting policies (Continued)

1.3 Revenue
The revenue in the state of comprehensive income represents amounts invoiced during the year and includes design fees and other income exclusive of Value Added Tax. For the procurement income revenue is recognised on project completion exclusive of Value Added Tax.

1.4 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	25% Reducing Balance Basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible and intangible assets
At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.6 Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets
Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss which are measured at fair value.

1 Accounting policies **(Continued)**

Financial assets at fair value through profit or loss
When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost
Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities
The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.11 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

2 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Design Fees	54,923	63,832
Procurement Income	709	65,174
	55,632	129,006

3 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange gains	-	(630)
Fees payable to the company's auditor for the audit of the company's financial statements	2,875	2,875
Depreciation of property, plant and equipment	195	260

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 2 (2020: 2)

5 Property, plant and equipment

	Computer equipment
	£
Cost	
At 31 March 2020	4,680
At 31 March 2021	4,680
Accumulated depreciation and impairment	
At 31 March 2020	3,899
Charge for the year	195
At 31 March 2021	4,094
Carrying amount	
At 31 March 2021	586
At 31 March 2020	781

6 Trade and other receivables

	2021	2020
	£	£
Trade receivables	-	10,390
VAT recoverable	-	7
Prepayments and accrued income	718	227
	718	10,624

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

All amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount.

7 Liabilities

		2021	2020
	Notes	£	£
Trade and other payables	8	7,430	37,709
Taxation and social security		1,906	-
		9,336	37,709

8 Trade and other payables

	2021	2020
	£	£
Trade payables	4,580	3,530
Amounts owed to fellow group undertakings	-	25,191
Accruals and deferred income	2,850	8,988
	7,430	37,709

9 Share capital

	2021	2020	2021	2020
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary Shares of £1 each	925,000	925,000	925,000	925,000

10 Retained earnings

	2021	2020
	£	**£**
At the beginning of the year	(892,367)	(853,203)
Loss for the year	(3,020)	(39,164)
At the end of the year	(895,387)	(892,367)

11 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return of stakeholders through the optimisation of equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, compromising of issued capital, reserves and retained earnings.

12 Related party transactions

At the year-end the balances due and owed to the parent and fellow group undertakings were the following:

- Poeticgem Limited was owed £Nil (2020: £25,191).

Poeticgem Limited and the company are fellow subsidiaries of Multinational Textile Group Limited.

13 Controlling party

The immediate parent company is Multinational Textile Group Limited, a company registered in Mauritius, and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from #758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

The directors regard Multinational Textile Group Limited as the smallest group and PDS Multinational Fashions Limited as the largest group into which the company is consolidated.

14 Cash absorbed by operations

	2021	2020
	£	£
Loss for the year after tax	(3,020)	(39,164)
Adjustments for:		
Depreciation and impairment of property, plant and equipment	195	260
Movements in working capital:		
Decrease in inventories	-	9,801
Decrease/(increase) in trade and other receivables	9,906	(8,009)
(Decrease)/increase in trade and other payables	(28,373)	15,887
Cash absorbed by operations	(21,292)	(21,225)

CASA FORMA LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

CASA FORMA LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	2021		2020	
	£	£	£	£
Revenue				
Sales of goods		55,632		129,006
Cost of sales				
Opening stock of finished goods	-		9,801	
Finished goods purchases	-		65,001	
		-		(74,802)
Gross profit		55,632		54,204
Administrative expenses		(58,652)		(93,368)
Operating loss		(3,020)		(39,164)

CASA FORMA LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Computer running costs	1,916	2,923
Professional subscriptions	-	600
Legal and professional fees	306	369
Consultancy fees	44,505	55,571
Audit fees	2,875	2,875
Bank charges	452	(463)
Bad and doubtful debts	1,420	1,034
Insurances (not premises)	1,968	2,403
Printing and stationery	-	124
Advertising	3,420	25,232
Telecommunications	1,595	3,070
Depreciation	195	260
Profit or loss on foreign exchange	-	(630)
	58,652	93,368

Report of the Directors and Audited Financial Statements

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

31 March 2021

EY 安永

Building a better working world

CERTIFIED TRUE COPY

Ernst & Young

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

CONTENTS

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Changes of company name
Pursuant to a special resolution passed on 22 June 2020, the name of the Company was changed from FX Import Hong Kong Limited to Pro Trusted Med Tech Limited.

Principal activity
The principal activity of the Company is the trading of garments. There was no significant change in the nature of the Company's principal activity during the year.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 6 to 39.

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Payel Seth

In accordance with article 7 of the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong

27 MAY 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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ey.com

Independent auditors' report
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Pro Trusted Med Tech Limited (formerly known as FX Import Hong Kong Limited) (the "Company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

In connection with out 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, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditors' report (continued)
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Building a better working world

Independent auditors' report (continued)
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong

27 MAY 2021

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	288,568	26,702,685
Cost of sales		(275,734)	(23,491,746)
Gross profit		12,834	3,210,939
Other income	4	377,414	2,748,729
Selling and distribution expenses		(8,137)	(1,341,630)
Administrative expenses		(2,230,801)	(9,082,526)
Other operating expenses		(31,657)	(180,329)
Finance costs	6	(11,942)	(46,529)
LOSS BEFORE TAX	5	(1,892,289)	(4,691,346)
Income tax expense	8	-	-
LOSS FOR THE YEAR		(1,892,289)	(4,691,346)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plan, net of tax	14	-	(491,141)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,892,289)	(5,182,487)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,702	10,354
Right-of-use assets	10	-	502,809
Deposits	12	-	82,376
Total non-current assets		1,702	595,539
CURRENT ASSETS			
Trade receivables	11	-	935,257
Prepayments, deposits and other receivables	12	10,698	4,129
Due from a fellow subsidiary	16(b)	-	1,634,553
Due from immediate holding company	16(b)	106,251	106,251
Cash and cash equivalents		312,278	2,106,682
Total current assets		429,227	4,786,872
CURRENT LIABILITIES			
Trade payables		465,364	2,345,852
Other payables and accruals	13	67,954	288,526
Lease liabilities	10	-	349,297
Due to fellow subsidiaries	16(b)	3,028,632	3,195,283
Total current liabilities		3,561,950	6,178,958
NET CURRENT LIABILITIES		(3,132,723)	(1,392,086)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,131,021)	(796,547)
NON-CURRENT LIABILITIES			
Lease liabilities	10	-	179,105
Other payables and accruals	13	-	263,080
Total non-current liabilities		-	442,185
Net liabilities		(3,131,021)	(1,238,732)

continued/...

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	15	10,000	10,000
Accumulated losses		(3,141,021)	(1,248,732)
Total equity		(3,131,021)	(1,238,732)

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Pallak Seth
Director

....
Deepak Kumar Seth
Director

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity HK$
At 1 April 2019	10,000	3,933,755	3,943,755
Loss for the year	-	(4,691,346)	(4,691,346)
Other comprehensive loss for the year:			
Remeasurement of defined benefit plan, net of tax	-	(491,141)	(491,141)
Total comprehensive loss for the year	-	(5,182,487)	(5,182,487)
At 31 March 2020	10,000	(1,248,732)	(1,238,732)
Loss for the year	-	(1,892,289)	(1,892,289)
At 31 March 2021	10,000	(3,141,021)	(3,131,021)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,892,289)	(4,691,346)
Adjustments for:			
Interest income	4	(64)	(2,276)
Finance costs	6	11,942	46,529
Depreciation for property, plant and equipment	5	8,652	28,022
Depreciation of right-of-use assets	5	167,549	335,206
Reversal of impairment of trade receivables	5	(8,433)	(9,950)
Covid-19-related rent concession from a lessor		(102,638)	-
Gain on termination of lease		(20,607)	-
		(1,835,888)	(4,293,815)
Decrease in trade receivables		943,690	5,134,506
Decrease in prepayments, deposits and other receivables		75,807	2,077,735
Decrease in an amount due from a fellow subsidiary		1,634,553	2,063,550
Decrease in trade payables		(1,880,488)	(5,210,976)
Increase in other payables and accruals		(483,652)	(956,369)
Decrease in an amount due to the intermediate holding company		-	(147,042)
Increase/(decrease) in an amount due to fellow subsidiaries		(166,651)	3,195,283
Changes in balance with the immediate holding company		-	(2,550,589)
Cash used in operations		(1,712,629)	(687,717)
Interest received		64	2,276
Interest paid		(3,299)	(18,936)
Net cash flows used in operating activities		(1,715,864)	(704,377)
CASH FLOW FROM FINANCING ACTIVITIES			
Principal portion of lease payments		(69,889)	(334,863)
Interest elements on lease liabilities		(8,643)	(27,593)
Cash flows used in financing activities		(78,532)	(362,456)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2021

	2021 HK$	2020 HK$
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,794,396)	(1,066,833)
Cash and cash equivalents at beginning of year	2,106,682	3,175,716
Effect of foreign exchange rate changes, net	(8)	(2,201)
CASH AND CASH EQUIVALENTS AT END OF YEAR	312,278	2,106,682
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	312,278	2,106,682

1. CORPORATE INFORMATION

Pro Trusted Med Tec Limited (formerly known as FX Import Hong Kong Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The Company's adoption of the above pronouncements, except for amendments to HKFRS 16, has had no significant financial effect on the Company's financial statements. The nature and impact of the amendments to HKFRS 16 are described below:

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for the lease of the Company have been reduced by the lessor as a result of COVID-19 pandemic and there are no other changes to the terms of the leases. The Company has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessor as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$102,638 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2021.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of these new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Company as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of home and garment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Defined benefit plan

The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions
The Company's functional currency is US$, which is different from its presentation currency. These financial statements are presented in HK$ as the Company is domiciled in Hong Kong and, in the opinion of the directors, some of the key external users of the financial statements are located in Hong Kong. Foreign currency transactions recorded by the operating units in the Company are initially recorded using their functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

For the purpose of the statement of cash flows, the cash flows of the Company is translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company which arise throughout the year are translated into HK$ at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

(i) Disaggregated revenue information
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations are summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required

An analysis of revenue and other income is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	288,568	26,702,685
Other income		
Interest income	64	2,276
Penalties charged to suppliers	-	2,746,453
Foreign exchange differences, net	2,149	-
Covid-19-related rent concession from a lessor	102,638	-
Gain on termination of lease	20,607	-
Others	251,956	-
	377,414	2,748,729

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Cost of inventories sold		275,734	23,491,746
Auditor's remuneration		36,000	75,000
Depreciation of property, plant and equipment	9	8,652	28,022
Depreciation of right-of-use assets	10	167,549	335,206
Lease payments not included in the measurement of lease liabilities		-	48,136
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		537,966	3,944,779
Defined benefit scheme		7,066	71,452
		545,032	4,016,231
Foreign exchange differences, net		(2,149)	39,271
Reversal of impairment of trade receivables	11	(8,433)	(9,950)

6. FINANCE COSTS

	Notes	2021 HK$	2020 HK$
Interest on bank loans and overdrafts		3,299	18,936
Interest on lease liabilities	10	8,643	27,593
		11,942	46,529

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax charge applicable to loss before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Loss before tax	(1,892,289)	(4,691,346)
Tax expense at the statutory tax rate	(312,228)	(774,072)
Income not subject to tax	(64,391)	(983,345)
Expenses not deductible for tax	376,619	1,757,417
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2021	
At 31 March 2020 and 1 April 2020:	
Cost	199,383
Accumulated depreciation	(189,029)
Net carrying amount	10,354
At 1 April 2020, net of accumulated depreciation	10,354
Depreciation provided during the year	(8,652)
At 31 March 2021, net of accumulated depreciation	1,702
At 31 March 2021:	
Cost	199,383
Accumulated depreciation	(197,681)
Net carrying amount	1,702

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$
31 March 2020	
At 1 April 2019:	
Cost	199,383
Accumulated depreciation	(161,007)
Net carrying amount	38,376
At 1 April 2019, net of accumulated depreciation	38,376
Depreciation provided during the year	(28,022)
At 31 March 2020, net of accumulated depreciation	10,354
At 31 March 2020:	
Cost	199,383
Accumulated depreciation	(189,029)
Net carrying amount	10,354

10. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 3 and 4 years.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2019	865,317
Depreciation charge	(335,206)
Exchange realignment	(27,302)
As at 31 March 2020 and 1 April 2020	502,809
Depreciation charge	(167,549)
Impairment	(335,098)
Exchange realignment	(162)
As at 31 March 2021	-

10. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount as at 1 April	528,402	892,768
Accretion of interest recognised during the year	8,643	27,593
Termination of lease	(355,705)	-
Covid-19-related rent concession from a lessor	(102,638)	-
Payments	(78,532)	(362,456)
Exchange realignment	(170)	(29,503)
Carrying amount at 31 March	-	528,402
Analysed into:		
Current portion	-	349,297
Non-current portion	-	179,105

The maturity analysis of lease liabilities is disclosed in note 19 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$	2020 HK$
Interest on lease liabilities	8,643	27,593
Depreciation charge of right-of-use assets	167,549	335,206
Expense relating to short-term leases and other leases with lease terms ended on or before 31 March 2020 (included in administrative expense)	-	(48,136)
Gain on termination of lease	(20,607)	-
Covid-19-related rent concession from a lessor	(102,638)	-
Total amount recognised in profit or loss	52,947	410,935

11. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	-	943,690
Impairment	-	(8,433)
	-	935,257

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	8,433	18,383
Reversal of impairment losses (note 5)	(8,433)	(9,950)
At end of year	-	8,433

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.89%	-	0.89%	-	0.89%
Gross carrying amount (HK$)	926,008	-	17,682	-	943,690
Expected credit losses (HK$)	8,275	-	158	-	8,433

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Prepayments	10,698	-
Deposits	-	82,376
Other receivables	-	4,129
	10,698	86,505
Less: Portion classified as non-current	-	(82,376)
	10,698	4,129

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2020, the loss allowance was assessed to be minimal.

13. OTHER PAYABLES AND ACCRUALS

	Note	2021 HK$	2020 HK$
Accrued employee benefits		-	57,944
Accruals		67,954	230,582
Defined benefit obligations	14	-	263,080
		67,954	551,606
Less: Portion classified as non-current assets		-	(263,080)
		67,954	288,526

14. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2020 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2020
Discount rate (%)	9.2
Expected rate of salary increases (%)	6

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2020				
Discount rate	0.5	(1,151)	0.5	1,402
Future salary increase	0.5	1,499	0.5	(1,275)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

14. DEFINED BENEFIT OBLIGATIONS (continued)

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2021 HK$	2020 HK$
Current service cost	7,066	40,258
Interest cost	-	31,194
Net benefit expenses	7,066	71,452
Recognised in administrative expenses	7,066	71,452

The movements in the present value of the defined benefit obligations are as follows:

	2021 HK$	2020 HK$
At 1 April	263,080	-
Current service cost	7,066	40,258
Net interest cost	-	31,194
Benefit paid	(270,146)	(299,513)
Actuarial loss arising from experience adjustments	-	491,141
At 31 March	-	263,080

15. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	10,000	10,000

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Immediate holding company		
SAP expenses	-	15,560
Management fees paid	-	79,302
Fellow subsidiary:		
Commission paid	-	1,297,575
Human resources support expenses	324,294	769,286
Sample expenses	396,277	1,580,608

(b) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits and other receivables, amounts due from the immediate holding company and a fellow subsidiary, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, and amounts due to fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, deposits (current portion) and other receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, amounts with the immediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposits and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from revenue generated and expenses incurred in currencies other than the Company's operating units' functional currencies. Majority of the Company's revenue and expenses are denominated in either US$ or HK$. The foreign currency risk is expected to be minimal due to the pegged rate of exchange between the HK$ and the US$, and the Company will continually monitor its foreign currency risk exposure in light of various market conditions to determine if any hedging arrangements are required in the future.

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Due from immediate holding company					
- Normal**	106,251	-	-	-	106,251
Cash and cash equivalents					
- Not yet past due	312,278	-	-	-	312,278
	418,529	-	-	-	418,529

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	943,690	943,690
Deposits and other receivables					
- Normal**	86,505	-	-	-	86,505
Due from a fellow subsidiary					
- Normal**	1,634,553	-	-	-	1,634,553
Due from immediate holding company					
- Normal**	106,251	-	-	-	106,251
Cash and cash equivalents					
- Not yet past due	2,106,682	-	-	-	2,106,682
	3,933,991	-	-	943,690	4,877,681

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of an amount due from a fellow subsidiary and immediate holding company, and financial assets included in deposits and other receivable is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	465,364	-	465,364
Other payables	67,954	-	67,954
Due to fellow subsidiaries	3,028,632	-	3,028,632
	3,561,950	-	3,561,950

As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	362,456	181,228	543,684
Trade payables	2,345,852	-	2,345,852
Other payables	230,582	-	230,582
Due to fellow subsidiaries	3,195,283	-	3,195,283
	6,134,173	181,228	6,315,401

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the member's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

27 MAY 2021

Report of the Directors and Audited Financial Statements

APEX BLACK LIMITED
(Formerly known as Fabric & Trims Limited)

31 March 2021

Building a better working world

CERTIFIED TRUE COPY

Ernst + Young

ERNST & YOUNG

APEX BLACK LIMITED
(Formerly known as Fabric & Trims Limited)

CONTENTS

APEX BLACK LIMITED
(Formerly known as Fabric & Trims Limited)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Changes of company name
Pursuant to a special resolution passed on 16 August 2020, the name of the Company was changed from Fabric & Trims Limited to Apex Black Limited. The change of name was effective from 16 August 2020.

Principal activity
The Company was inactive during the year ended 31 March 2020 and the Company was engaged in investment holding during the year ended 31 March 2021.

Results
The Company's loss for the year ended 31 March 2021 and its financial position as at 31 March 2021 are set out in the financial statements on pages 6 to 24.

Directors
The directors of the Company during the year were:

Ajai Singh	(resigned on 18 January 2021)
Deepak Kumar Seth	(resigned on 18 January 2021)
Pallak Seth	
Omprakash Makam Suryanarayan Setty	(resigned on 18 January 2021)
Rani Saad	(appointed on 3 September 2020)

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries was a party during the year.

APEX BLACK LIMITED
(Formerly known as Fabric & Trims Limited)

REPORT OF THE DIRECTORS (continued)

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

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Independent auditor's report
To the members of Apex Black Limited
(Formerly known as Fabric & Trims Limited)
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Apex Black Limited (the "Company") set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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Independent auditor's report (continued)
To the members of Apex Black Limited
(Formerly known as Fabric & Trims Limited)
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Apex Black Limited
(Formerly known as Fabric & Trims Limited)
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

APEX BLACK LIMITED
(Formerly known as Fabrics & Trims Limited)

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Bank interest income		40	-
Administrative expenses		(624,568)	(19,604)
Other operating expenses		(311)	(250)
LOSS BEFORE TAX	3	(624,839)	(19,854)
Income tax expense	5	-	-
LOSS FOR THE YEAR		(624,839)	(19,854)

APEX BLACK LIMITED
(Formerly known as Fabrics & Trims Limited)

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 HK$	2020 HK$
LOSS FOR THE YEAR	(624,839)	(19,854)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:		
Changes in fair value of financial assets at fair value through other comprehensive income	563,926	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(60,913)	(19,854)

APEX BLACK LIMITED
(Formerly known as Fabrics & Trims Limited)

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income	8	9,588,734	-
CURRENT ASSETS			
Due from the immediate holding company	7(a)	-	17,250
Cash and cash equivalents		121,134	10,151
Total current assets		121,134	27,401
CURRENT LIABILITY			
Due to the immediate holding company	7(a)	9,743,380	-
Accrual		12,000	12,000
Total current liabilities		9,755,380	12,000
NET CURRENT ASSETS/(LIABILITIES)		(9,634,246)	15,401
Net assets/(liabilities)		(45,512)	15,401
EQUITY			
Share capital	6	77,800	77,800
Reserves		(123,312)	(62,399)
Total equity/(net deficiency in assets)		(45,512)	15,401

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Pallak Seth
Director

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Rani Saad
Director

APEX BLACK LIMITED
(Formerly known as Fabrics & Trims Limited)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Fair value reserve of financial assets through other comprehensive income HK$	Accumulated losses HK$	Total equity/ (net deficiency in assets) HK$
At 1 April 2019	77,800	-	(42,545)	35,255
Loss and total comprehensive loss for the year	-	-	(19,854)	(19,854)
At 31 March 2020 and 1 April 2020	77,800	-*	(62,399)*	15,401
Loss for the year	-	-	(624,839)	(624,839)
Other comprehensive income for the year:				
Changes in fair value of financial assets at fair value through other comprehensive income	-	563,926	-	563,926
At 31 March 2021	77,800	563,926*	(687,238)*	(45,512)

*These reserve accounts comprise the consolidated debit reserves of HK$123,312 (2020: HK$62,399).

APEX BLACK LIMITED
(Formerly known as Fabrics & Trims Limited)

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	2021 HK$	2020 HK$
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(624,839)	(19,854)
Increase in accrual	-	12,000
Changes in balance with the immediate holding company	9,760,630	-
Net cash flow generated from/(used in) operating activities	9,135,791	(7,854)
CASH FLOW FROM AN INVESTING ACTIVITY		
Purchase of financial assets at fair value through other comprehensive income	(9,024,808)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	110,983	(7,854)
Cash and cash equivalents at beginning of year	10,151	18,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	121,134	10,151
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	121,134	10,151

1. CORPORATE INFORMATION

Apex Black Limited (formerly known as Fabric & Trims Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Unit 301, 3/F., China Insurance Group Building, 141 Des Voeux Road Central, Hong Kong.

The company was inactive in the prior year and the Company was engaged in investment holding during the year ended 31 March 2021.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared under the going concern concept, notwithstanding that the Company had net current liabilities and net liabilities as at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities for the ensuing financial year.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which have been measured at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3,6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement
The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Investments and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Initial recognition and measurement (continued)
In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follow:
Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include considerations of inputs such as revenue multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. LOSS BEFORE TAX

The Company's profit before tax is arrived at after charging:

	2021 HK$	2020 HK$
Auditor's remuneration (Note)	12,000	-

Note: The auditor's remuneration for the last year period was borne by the immediate holding company.

4. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

	2021 HK$	2020 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	451,240	-
	451,240	-

5. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

A reconciliation of the tax applicable to loss before tax at the Hong Kong statutory tax rate to the tax at the effective tax rate is as follows:

	2021 HK$	2020 HK$
Loss before tax	(624,839)	(19,854)
Tax at the Hong Kong statutory tax rate of 16.5%	(103,098)	(3,276)
Income not subject to tax	(7)	-
Expenses not deductible for tax	103,105	3,276
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

6. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid: 10,000 (2020: 10,000) ordinary shares	77,800	77,800

7. RELATED PARTY TRANSACTIONS

(a) The balance with the immediate holding company is unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 4 to the financial statements.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$	2020 HK$
Non-current assets		
Unlisted investments, at fair value	9,588,734	-

The Company has designated the above investments as financial assets at fair value through other comprehensive income as the Company considers these investments to be strategic in nature.

9. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial assets at fair value through other comprehensive income as disclosed in note 8 to the financial statements, which were classified as financial assets at fair value, all financial assets and liabilities of the Company as at 31 March 2021 and 2020, were stated at amortised cost.

The financial liabilities of the Company comprise an accrual and an amount due to the immediate holding company which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the financial statements.

10. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amount		Fair value	
	2021 HK$	2020 HK$	2021 HK$	2020 HK$
Financial assets				
Financial assets at fair value through other comprehensive income	9,588,734	-	9,588,734	-

Management has assessed that the fair values of cash and cash equivalents, an accrual and balance with the immediate holding company approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair value of unlisted investments at fair value through other comprehensive income are based on most recent transaction prices. The directors believe that the estimated fair value resulting therefrom, which is recorded in the statement of financial position, and the related change in fair value, which is recorded in the statement of profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

10. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Assets measured at fair value:

At 31 March 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Financial assets at fair value other comprehensive income	-	-	9,588,734	9,588,734

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial assets at fair value through other comprehensive income HK$
At 1 April 2019, at 31 March 2020 and at 1 April 2020	-
Purchases	9,024,808
Total gains recognised in other comprehensive income	563,926
At 31 March 2021	9,588,734

The Company did not have any financial liabilities measured at fair value as at 31 March 2021 and 31 March 2020. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets (2020: Nil).

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk arises in the normal course of its business. This risk is managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality.

Maximum exposure and year-end staging
The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March 2021 and 2020.

The maximum exposure of the Company's financial assets, which comprise an amount due from the immediate holding company and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

An amount due from the immediate holding company and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of an amount due from the immediate holding company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

BLUEPRINT DESIGN LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

BLUEPRINT DESIGN LIMITED

CONTENTS

BLUEPRINT DESIGN LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended March 31, 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of garment.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended March 31, 2021 and the financial position of the Company are set out in the financial statement on pages 7 to 8.

The directors do not recommend the payment of any dividend for the year.

PLANT AND EQUIPMENT

Details of movements during the year in plant and equipment are set out in Note (10) to the financial statements.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (14) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Deepak Kumar SETH
Pallak SETH
Omprakash MAKAM SURYANARAYAN SETTY

In accordance with Article 22 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in Note (17) to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

BLUEPRINT DESIGN LIMITED

REPORT OF THE DIRECTORS (CONT'D)

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding companies or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiary were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors was in force during the year and up to the date of this report.

BUSINESS REVIEW

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

AUDITORS

The Company's auditor, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, September 9, 2021.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Blueprint Design Limited ("the Company") set out on pages 7 to 31, which comprise the statement of financial position as at March 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note (2c) in the financial statements, which indicates that the Company incurred a loss of HK$582,935 for the year ended March 31, 2021 and, as of that date, the Company had a capital deficiency of HK$33,373,711. As stated in Note (2c), these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report but 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 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, 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.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
BLUEPRINT DESIGN LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, September 9, 2021.

BLUEPRINT DESIGN LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
REVENUE	(5)	771,434	60,581,797
COST OF SALES		(707,547)	(51,355,451)
GROSS PROFIT		63,887	9,226,346
OTHER INCOME AND GAINS	(5)	1,501,342	2,703,993
STAFF COSTS		(35,010)	(529,040)
DEPRECIATION EXPENSES		(40,638)	(26,473)
OTHER OPERATING EXPENSES		(2,071,870)	(24,200,371)
LOSS FROM OPERATION		(582,289)	(12,825,545)
FINANCE COSTS	(6)	(646)	(127,686)
LOSS BEFORE TAXATION	(7)	(582,935)	(12,953,231)
TAXATION	(8)	-	-
LOSS FOR THE YEAR		(582,935)	(12,953,231)
OTHER COMPRHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(582,935)	(12,953,231)

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
Non-Current Assets			
Plant and equipment	(10)	47,468	88,106
Current Assets			
Inventories	(11)	-	230,716
Trade receivables	(12)	-	6,448,233
Cash and cash equivalents		53,587	1,011,545
		53,587	7,690,494
Current Liabilities			
Trade payables		-	6,157,367
Accruals and other payables		70,853	152,876
Amount due to ultimate holding company	(13)	-	288,825
Amounts due to fellow subsidiaries	(13)	33,326,113	33,892,508
		33,396,966	40,491,576
Net Current Liabilities		(33,343,379)	(32,801,082)
NET LIABILITIES		(33,295,911)	(32,712,976)
DEFICIT			
Share capital	(14)	77,800	77,800
Accumulatd losses		(33,373,711)	(32,790,776)
TOTAL DEFICIT		(33,295,911)	(32,712,976)

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 9, 2021 AND SIGNED ON BEHALF OF THE BOARD BY:

Deepak Kumar SETH
Director

Pallak SETH
Director

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

	Share Capital	Accumulated Losses	Total
	HK$	HK$	HK$
At April 1, 2019	77,800	(19,837,545)	(19,759,745)
Loss for the year and total comprehensive expense for the year	-	(12,953,231)	(12,953,231)
At March 31, 2020 and April 1, 2020	77,800	(32,790,776)	(32,712,976)
Loss for the year and total comprehensive expense for the year	-	(582,935)	(582,935)
At March 31, 2021	77,800	(33,373,711)	(33,295,911)

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
	HK$	HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(582,935)	(12,953,231)
Adjustments for:		
Bank overdraft interest	646	127,686
Depreciation	40,638	26,473
OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL	(541,651)	(12,799,072)
Decrease/(Increase) in inventories	230,716	(229,788)
Decrease in trade receivables	6,448,233	1,622,505
Decrease in prepayment	-	38,900
Decrease in payment in advance	-	173,992
Decrease in trade payables	(6,157,367)	(1,728,091)
(Decrease)/Increase in accrued expenses	(82,023)	53,473
Net (payment to)/receipt from ultimate holding company	(288,825)	128,814
Net payment to immediate holding company	-	(86,241)
Net (payment to)/receipt from fellow subsidiaries	(566,395)	13,887,311
Cash (used in)/generated from operations	(957,312)	1,061,803
Bank overdraft interest paid	(646)	(127,686)
Net cash (used in)/generated from operating activities	(957,958)	934,117
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment and net cash used in investing activities	-	(62,031)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(957,958)	872,086
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,011,545	139,459
CASH AND CASH EQUIVALENTS AT END OF YEAR	53,587	1,011,545

THE NOTES ON PAGES 11 TO 31 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BLUEPRINT DESIGN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Blueprint Design Limited ("the Company") is a company incorporated in Hong Kong with limited liability. The principal activity of the Company is garment trading. The Company's registered office is 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong. The directors consider that the ultimate holding company and immediate holding company are PDS Multinational Fashions Limited and Multinational Textile Company Limited respectively. The ultimate holding company and the immediate holding company are respectively incorporated in India and Mauritius. The ultimate holding company's shares are listed on the Bombay Stock Exchange [Stock Code: 538730] and National Stock Exchange in India [Stock Code: PDSMFL].

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") (which also include Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)")) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note (4) to the financial statements.

b. Changes in Accounting Policies and Disclosures

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following developments are relevant to the Company's financial statements:

(i) Amendments to HKAS 1 and HKAS 8, Definition of Material
(ii) Amendments to HKFRS 3, Definition of a Business
(iii) Amendments to HKFRS 9, HKAS 39 and HKFRS 7, Interest Rate Benchmark Reform

None of the developments have had a material effect on how the Company's results and financial position of the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Going Concern

The Company has incurred a loss of HK$582,935 for the year ended March 31, 2021 and, as of the date, the Company had a capital deficiency of HK$33,373,711. Notwithstanding these conditions, the going concern basis has been adopted because the immediate holding company has agreed to provide adequate fund for the Company to meet its liabilities as they fall due.

d. Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated identified impairment loss, if any.

Depreciation is provided at rates sufficient to write off their cost less accumulated impairment losses over the period of their estimated useful lives on a reducing balance basis at the following rates per annum:

Computer equipment	3 years
Office equipment	3 years
Furniture and fixture	6 years

When assets are sold or written off, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds, if any, and the carrying amount of the assets, is included in the statement of profit or loss and other comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

The Company's financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Impairment loss on financial assets

The Company recognises loss allowances for expected credit loss ("ECLs") on trade receivables and financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

(1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and
(2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Company has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments (Cont'd)

(ii) Impairment loss on financial assets (Cont'd)

For other debt financial assets, the ECLs are based on the 12 months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Company's financial liabilities as financial liabilities are initially measured at fair value, net of directly attributable cost incurred and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Company derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9/HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

e. Financial Instruments (Cont'd)

(vi) Offsetting of financial instruments

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

f. Impairment of Non-Financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, (only if there are revalued assets in the financial statements) unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

h. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

i. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

j. Revenue Recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Company's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Company performs; or
- does not create an asset with an alternative use to the Company and the company has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Company, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sales of goods

Revenue from sales of goods is recognised when the customers have obtained control of the goods, being when the goods are delivered to the respective customers' specific locations and have been accepted by the customers, and the corresponding trade receivable are recognised as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. There is generally only one performance obligation.

(ii) Service income

Service income is recognised when the services are rendered as the criteria of recognizing revenue over time is not met.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

k. Employee Benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the financial statement as such leaves are not permitted to be carried forward and utilized by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

l. Retirement Benefit Scheme

The Company's contributions to the mandatory provident fund scheme are charged to the statement of profit or loss as incurred.

The Company's employees who have completed the required number of years of service to the Company are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Company to the end of reporting period.

m. Borrowing Costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

n. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

n. Related Parties (Cont'd)

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended March 31, 2021 and March 31, 2020.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods & rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix calculate ECLs for trade receivables. The provision rates are based on days past due for Companyings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Company's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realization of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes.

5. REVENUE, OTHER INCOME AND GAIN

	2021	2020
Revenue, other income and gains recognised during the year are as follows:	HK$	HK$
Revenue:		
Sales	771,434	60,581,797
Other income and gains:		
Claim and recovery	1,460,316	2,387,802
Exchanges gain, net	41,026	316,191
	1,501,342	2,703,993
	2,272,776	63,285,790

6. FINANCE COSTS

	2021	2020
	HK$	HK$
Bank overdraft interest	646	127,686

7. LOSS BEFORE TAXATION

	2021	2020
	HK$	HK$
Loss before taxation is stated after charging/(crediting):		
Auditor's remuneration	27,000	47,825
Exchange gain, net	(41,026)	(316,191)
Deprecation	40,638	26,473
Staff costs (including director's remuneration):		
- Salaries and allowances	35,010	529,040

8. TAXATION

No Hong Kong profits tax has been provided in these financial statements as the income of the Company neither arises in nor is derived from Hong Kong.

The charge for the year can be reconciled to the loss per the statement of profit or loss and other comprehensive income as follows:

	2021	2020
	HK$	HK$
Loss before taxation	(582,935)	(12,953,231)
Tax at the domestic income tax rate of 16.5%	(96,184)	(2,137,283)
Tax effect of tax loss not recognised	96,184	2,137,283
Taxation for the year	-	-

No deferred tax has been recognised in the financial statements on the grounds that the Company has no taxable/deductible temporary differences during the year (2020: Nil).

9. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2020: Nil).

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NOTES TO THE FINANCIAL STATEMENTS

10. PLANT AND EQUIPMENT

	Computer Equipment	Office Equipment	Furniture & Fixture	Total
	HK$	HK$	HK$	HK$
Cost				
At 1/4/2019	10,225	60,238	-	70,463
Additions	6,032	49,601	6,398	62,031
At 31/3/2020 & 1/4/2020	16,257	109,839	6,398	132,494
Additions	-	-	-	-
At 31/3/2021	16,257	109,839	6,398	132,494
Accumulated Depreciation				
At 1/4/2019	4,547	13,368	-	17,915
Charge for the year	3,062	22,790	621	26,473
At 31/3/2020 & 1/4/2020	7,609	36,158	621	44,388
Charge for the year	2,955	36,616	1,067	40,638
At 31/3/2021	10,564	72,774	1,688	85,026
Net Carrying Amount				
At 31/3/2021	5,693	37,065	4,710	47,468
At 31/3/2020	8,648	73,681	5,777	88,106

11. INVENTORIES

	2021	2020
	HK$	HK$
Fabric Stocks	-	230,716

12. TRADE RECEIVABLES

	2021	2020
	HK$	HK$
Trade receivables (Note A&B)	-	6,448,233

Note A: At the end of reporting period, the aging analysis of trade receivables, based on the past due and net of loss allowance, is as follows:

	2021	2020
	HK$	HK$
Current	-	3,691,985
Past due		
Less than 30 days	-	2,756,248
31 to 90 days	-	-
Over 90 days	-	-
	-	6,448,233

Note B: Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

13. AMOUNT DUE TO ULTIMATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Amounts due to ultimate holding company/fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

14. SHARE CAPITAL

	2021	2020
	HK$	HK$
Issued and fully paid:		
10,000 ordinary shares	77,800	77,800

The holder of ordinary shares is entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

15. COMMITMENTS

At the end of the reporting period, the Company did not have any significant capital commitments.

16. FINANCIAL INSTRUMENT

(A) Categories of financial assets and financial liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2021	2020
Financial assets	HK$	HK$
Financial assets measured at amortised cost		
Trade receivables	-	6,448,233
Cash and cash equivalents	53,587	1,011,545
	53,587	7,459,778
Financial liabilities		
Financial liabilities measured at amortised costs		
Trade payables	-	6,157,367
Accruals and other payables	70,853	152,876
Amount due to ultimate holding company	-	288,825
Amounts due to fellow subsidiaries	33,326,113	33,892,508
	33,396,966	40,491,576

(B) Financial risk management, objectives and policies

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

16. FINANCIAL INSTRUMENT (CONT'D)

(B) Financial risk management, objectives and policies (Cont'd)

(a) *Credit risk*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers and other counterparties in the ordinary course of its operations.

Trade receivables

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are usually due within 30-90 days from the date of billing. Debtors with balances that are past due are usually requested to settle all outstanding balances before any further credit is granted. Normally, the Company does not obtain collateral from customers. Trade receivables at the reporting date mainly comprise amounts receivable from sales of goods. No interest is charged on the trade receivables.

The Company measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

The directors of the Company are on the opinion that the expected credit loss rate is close to zero as these trade receivables have no recent history of default.

Expected loss rates are based on actual loss experience over the past one year. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

After performing the individual credit evaluations on all customers, no provision for impairment on trade receivables during the year.

Other financial assets at amortised cost

As at March 31, 2021, in addition to the cash and bank balances which are considered to have low credit risk, other financial assets at amortised cost of the Company include other receivables and deposits. No provision was made against the gross amount of other receivables, deposits and cash and bank balances because the directors of the Company considered the impact of the ECLs of these financial assets to be insignificant based on past credit history and the nature of these financial assets.

16. FINANCIAL INSTRUMENT (CONT'D)

(B) Financial risk management, objectives and policies (Cont'd)

(b) *Foreign currency risk*

The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars, with respect to the HK$. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(i) Exposure to currency risk

The following table details the Company's exposure at the end of reporting period to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they related.

	2021 (Expressed in HK$)		2020 (Expressed in HK$)	
	USD	GBP	USD	GBP
Trade receivables	-	-	6,448,233	-
Trade payables	-	-	(6,157,367)	-
Accruals and other payables	(30,120)	-	(152,876)	-
Cash and cash equivalents	43,811	7,000	1,011,545	-
Net exposure arising from recognised assets and liabilities	13,691	7,000	1,149,535	-

16. FINANCIAL INSTRUMENT (CONT'D)

(B) Financial risk management, objectives and policies (Cont'd)

(b) *Foreign currency risk (cont'd)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Company's loss after tax in response to reasonably possible changes (e.g. 10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2021		2020	
	Increase	Decrease	Increase	Decrease
	HK$	HK$	HK$	HK$
USD	1,143	(1,143)	95,986	(95,986)
GBP	585	(585)	-	-
	1,728	(1,728)	95,986	(95,986)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Company's exposure to currency risk for the variables.

The stated changes represent Management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong Dollars and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on Company's profit after tax and equity measured in the respective functional currencies, translated into HK$ at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2020.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

(d) *Fair value measurement*

The directors of the Company consider that the carrying amounts of the Company's financial instruments carried at cost or amortised cost were not materially different from their fair values as at March 31, 2021 and 2020.

16. FINANCIAL INSTRUMENT (CONT'D)

(B) Financial risk management, objectives and policies (Cont'd)

(e) *Interest rate risk*

The Company has no significant interest bearing assets except secured bank borrowings. Its expenses and operating cash flows are substantially independent of changes in market interest rates. Carrying amounts of net financial liabilities as at March 31 that exposed to interest rate risks were as follows:

	2021	2020
	HK$	HK$
Financial assets bearing variable interests:		
Cash and cash equivalents	53,587	1,011,545
	53,587	1,011,545

Sensitivity analysis

At March 31, 2021, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, interest income and profit before taxation for the year ended March 31, 2021 would increase/decrease by a net amount of HK$536 (2020: HK$10,115); and profit after tax for the year ended March 31, 2021 would decrease/increase by a net amount of HK$448 (2020: HK$8,446). The carrying amount of financial liability measured at amortised cost and the carrying amount of financial liability bearing interest rate measured at fair value would not be affected by the assumed 100 basis points increase/decrease in interest rate.

Although a financial asset or financial liability may be subject to interest rate risk, its carrying amount may not necessarily be affected by the assumed 100 basis points increase in market interest rates.

17. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following transactions with the related parties below.

Name of Company	Relationship	Nature of transaction	2021	2020
			HK$	HK$
PDS Asia Star Corporation	Fellow subsidiary	Sample charges	-	105,284
360 Notch Limited	Fellow subsidiary	Commission expenses	-	281,277

18. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED MARCH 31, 2021

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments [1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions [4]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2 [5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) [1]
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use [2]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract [2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 [2]

[1] Effective for annual periods beginning on or after January 1, 2023.
[2] Effective for annual periods beginning on or after January 1, 2022.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after June 1, 2020.
[5] Effective for annual periods beginning on or after January 1, 2021.

The Company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Directors on September 9, 2021.

Report of the Director and Audited Financial Statements

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

31 March 2021

EY 安永
Building a better working world

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Ernst + Young

ERNST & YOUNG

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

CONTENTS

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

REPORT OF THE DIRECTOR

The director presents his report and the audited financial statements of the Company for the year ended 31 March 2021.

Changes of company name
Pursuant to a special resolution passed on 1 October 2020, the name of the Company was changed from Sourcing East West Limited to Casa Collective Limited. The change of name was effective from 1 October 2020.

Principal activity
The Company was inactive in the prior year and the Company was engaged in the trading of home furnishings products during the year ended 31 March 2021.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 6 to 23.

Directors
The directors of the Company during the year were:

Pallak Seth	
Amandeep Kumar Bagga	(resigned on 1 October 2020)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

REPORT OF THE DIRECTOR (continued)

Auditors
Subsequent to the end of the reporting period, Louis Lai & Luk CPA Limited resigned as auditors of the Company and Ernst & Young were appointed by the director to fill the casual vacancy so arising. A resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
2 September 2021

EY 安永

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Independent auditor's report
To the member of Casa Collective Limited
(Formerly known as Sourcing East West Limited)
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Casa Collective Limited (the "Company") set out on pages 6 to 23, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The director is responsible for the other information. The other information comprises the information included in the report of the director.

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

Responsibilities of the director for the financial statements
The director is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors 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, the director 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 the director either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the member of Casa Collective Limited
(Formerly known as Sourcing East West Limited)
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the member of Casa Collective Limited
(Formerly known as Sourcing East West Limited)
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of director 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.

Ernst + Young

Certified Public Accountants
Hong Kong
2 September 2021

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Administrative expenses		(3,453,158)	(20,493)
Other operating expenses		(20,591)	(250)
LOSS BEFORE TAX	4	(3,473,749)	(20,743)
Income tax expense	6	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,473,749)	(20,743)

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	7	34,099	-
CURRENT ASSETS			
Due from the immediate holding company	9(a)	-	729,100
Prepayment		250,000	-
Cash and cash equivalents		903,973	15,125
Total current assets		1,153,973	744,225
CURRENT LIABILITIES			
Due to the immediate holding company	9(a)	3,089,565	-
Other payables and accruals		834,031	6,000
Total current liabilities		3,923,596	6,000
NET CURRENT ASSETS/(LIABILITIES)		(2,769,623)	738,225
Net assets/(liabilities)		(2,735,524)	738,225
EQUITY			
Share capital	8	778,000	778,000
Accumulated losses		(3,513,524)	(39,775)
Total equity/(net deficiency in assets)		(2,735,524)	738,225

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Pallak Seth
Director

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Total equity/(net deficiency in assets) HK$
At 1 April 2019	778,000	(19,032)	758,968
Loss and total comprehensive loss for the year	-	(20,743)	(20,743)
At 31 March 2020 and at 1 April 2020	778,000	(39,775)	738,225
Loss and total comprehensive loss for the year	-	(3,473,749)	(3,473,749)
At 31 March 2021	778,000	(3,513,524)	(2,735,524)

CASA COLLECTIVE LIMITED
(Formerly known as Sourcing East West Limited)

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(3,473,749)	(20,743)
Adjustment for depreciation of property, plant and equipment	4	4,441	-
		(3,469,308)	(20,743)
Decrease in an amount due from the former immediate holding company		-	355,362
Increase in an amount due from a former shareholder		-	389,000
Changes in balances with the immediate holding company		3,818,665	(729,100)
Increase in prepayment		(250,000)	-
Increase in other payables and accruals		828,031	6,000
CASH FLOW FROM OPERATING ACTIVITIES		927,388	519
CASH FLOW USED IN AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(38,540)	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		888,848	519
Cash and cash equivalents at beginning of year		15,125	14,606
CASH AND CASH EQUIVALENTS AT END OF YEAR		903,973	15,125
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		903,973	15,125

1. CORPORATE INFORMATION

Casa Collective Limited (formerly known as Sourcing East West Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company was inactive in the prior year and the Company was engaged in the trading of home furnishings products during the year ended 31 March 2021.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the director, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Comapny has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3,6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a Company of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives/principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Determination of functional currency
The Company measures foreign currency transactions in its functional currency. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2021 HK$	2020 HK$
Auditor's remuneration	12,000	12,000
Depreciation of property, plant and equipment	4,441	-
Employee benefit expense (including director's remuneration (note 5)):		
Wages and salaries	763,178	-
Pension scheme contribution (defined contribution scheme)	30,923	-
	794,101	-
Foreign exchange difference, net	16,150	250

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax applicable to loss before tax at the Hong Kong statutory tax rate to the tax at the effective tax rate is as follows:

	2021 HK$	2020 HK$
Loss before tax	(3,473,749)	(20,743)
Tax at the Hong Kong statutory tax rate of 16.5%	(573,169)	(3,423)
Expenses not deductible for tax	573,169	3,423
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

7. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 1 April 2019, at 31 March 2020 and at 1 April 2020:	
Cost	-
Accumulated depreciation	-
Net carrying amount	-
At 1 April 2020, net of accumulated depreciation	-
Additions	38,540
Depreciation provided during the year	(4,441)
At 31 March 2021, net of accumulated depreciation	34,099
At 31 March 2021:	
Cost	38,540
Accumulated depreciation	(4,441)
Net carrying amount	34,099

8. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	778,000	778,000

9. RELATED PARTY TRANSACTIONS

(a) The balance with the immediate holding company is unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

10. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise an amount due from the immediate holding company and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, amount due to the immediate holding company which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$818,786 (2020: HK$6,000). The carrying amounts of financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position.

11. FAIR VALUE OF FINANCIAL ASSESTS AND LIABILITIES

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of balances with the immediate holding company, cash and cash equivalents, and financial liabilities included in other payables and accruals approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise an amount due from the immediate holding company and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

An amount due from the immediate holding company and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of an amount due from the immediate holding company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

13. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified, to conform with the current year's presentation and disclosures. The director considers that such presentation would better reflect the financial performance and position of the Company.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the director on 2 September 2021.

Report of the Directors and Audited Financial Statements

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

31 March 2021

安永
Building a better
working world

CERTIFIED TRUE COPY
Ernst & Young

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

CONTENTS

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Changes of company name
Pursuant to a special resolution passed on 22 June 2020, the name of the Company was changed from FX Import Hong Kong Limited to Pro Trusted Med Tech Limited.

Principal activity
The principal activity of the Company is the trading of garments. There was no significant change in the nature of the Company's principal activity during the year.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 6 to 39.

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Payel Seth

In accordance with article 7 of the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....

Pallak Seth
Chairman

Hong Kong

27 MAY 2021

EY安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditors' report
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Pro Trusted Med Tech Limited (formerly known as FX Import Hong Kong Limited) (the "Company") set out on pages 6 to 39, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

In connection with out 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, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditors' report (continued)
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditors' report (continued)
To the member of Pro Trusted Med Tech Limited
(formerly known as FX Import Hong Kong Limited)
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong

27 MAY 2021

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	288,568	26,702,685
Cost of sales		(275,734)	(23,491,746)
Gross profit		12,834	3,210,939
Other income	4	377,414	2,748,729
Selling and distribution expenses		(8,137)	(1,341,630)
Administrative expenses		(2,230,801)	(9,082,526)
Other operating expenses		(31,657)	(180,329)
Finance costs	6	(11,942)	(46,529)
LOSS BEFORE TAX	5	(1,892,289)	(4,691,346)
Income tax expense	8	-	-
LOSS FOR THE YEAR		(1,892,289)	(4,691,346)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plan, net of tax	14	-	(491,141)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,892,289)	(5,182,487)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,702	10,354
Right-of-use assets	10	-	502,809
Deposits	12	-	82,376
Total non-current assets		1,702	595,539
CURRENT ASSETS			
Trade receivables	11	-	935,257
Prepayments, deposits and other receivables	12	10,698	4,129
Due from a fellow subsidiary	16(b)	-	1,634,553
Due from immediate holding company	16(b)	106,251	106,251
Cash and cash equivalents		312,278	2,106,682
Total current assets		429,227	4,786,872
CURRENT LIABILITIES			
Trade payables		465,364	2,345,852
Other payables and accruals	13	67,954	288,526
Lease liabilities	10	-	349,297
Due to fellow subsidiaries	16(b)	3,028,632	3,195,283
Total current liabilities		3,561,950	6,178,958
NET CURRENT LIABILITIES		(3,132,723)	(1,392,086)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,131,021)	(796,547)
NON-CURRENT LIABILITIES			
Lease liabilities	10	-	179,105
Other payables and accruals	13	-	263,080
Total non-current liabilities		-	442,185
Net liabilities		(3,131,021)	(1,238,732)

continued/...

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	15	10,000	10,000
Accumulated losses		(3,141,021)	(1,248,732)
Total equity		(3,131,021)	(1,238,732)

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity HK$
At 1 April 2019	10,000	3,933,755	3,943,755
Loss for the year	-	(4,691,346)	(4,691,346)
Other comprehensive loss for the year:			
Remeasurement of defined benefit plan, net of tax	-	(491,141)	(491,141)
Total comprehensive loss for the year	-	(5,182,487)	(5,182,487)
At 31 March 2020	10,000	(1,248,732)	(1,238,732)
Loss for the year	-	(1,892,289)	(1,892,289)
At 31 March 2021	10,000	(3,141,021)	(3,131,021)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,892,289)	(4,691,346)
Adjustments for:			
Interest income	4	(64)	(2,276)
Finance costs	6	11,942	46,529
Depreciation for property, plant and equipment	5	8,652	28,022
Depreciation of right-of-use assets	5	167,549	335,206
Reversal of impairment of trade receivables	5	(8,433)	(9,950)
Covid-19-related rent concession from a lessor		(102,638)	-
Gain on termination of lease		(20,607)	-
		(1,835,888)	(4,293,815)
Decrease in trade receivables		943,690	5,134,506
Decrease in prepayments, deposits and other receivables		75,807	2,077,735
Decrease in an amount due from a fellow subsidiary		1,634,553	2,063,550
Decrease in trade payables		(1,880,488)	(5,210,976)
Increase in other payables and accruals		(483,652)	(956,369)
Decrease in an amount due to the intermediate holding company		-	(147,042)
Increase/(decrease) in an amount due to fellow subsidiaries		(166,651)	3,195,283
Changes in balance with the immediate holding company		-	(2,550,589)
Cash used in operations		(1,712,629)	(687,717)
Interest received		64	2,276
Interest paid		(3,299)	(18,936)
Net cash flows used in operating activities		(1,715,864)	(704,377)
CASH FLOW FROM FINANCING ACTIVITIES			
Principal portion of lease payments		(69,889)	(334,863)
Interest elements on lease liabilities		(8,643)	(27,593)
Cash flows used in financing activities		(78,532)	(362,456)

PRO TRUSTED MED TECH LIMITED
(formerly known as FX Import Hong Kong Limited)

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2021

	2021 HK$	2020 HK$
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,794,396)	(1,066,833)
Cash and cash equivalents at beginning of year	2,106,682	3,175,716
Effect of foreign exchange rate changes, net	(8)	(2,201)
CASH AND CASH EQUIVALENTS AT END OF YEAR	312,278	2,106,682
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	312,278	2,106,682

1. CORPORATE INFORMATION

Pro Trusted Med Tec Limited (formerly known as FX Import Hong Kong Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The Company's adoption of the above pronouncements, except for amendments to HKFRS 16, has had no significant financial effect on the Company's financial statements. The nature and impact of the amendments to HKFRS 16 are described below:

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(a) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for the lease of the Company have been reduced by the lessor as a result of COVID-19 pandemic and there are no other changes to the terms of the leases. The Company has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessor as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concessions of HK$102,638 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2021.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of these new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of home and garment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Retirement benefit costs

The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Defined benefit plan

The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions
The Company's functional currency is US$, which is different from its presentation currency. These financial statements are presented in HK$ as the Company is domiciled in Hong Kong and, in the opinion of the directors, some of the key external users of the financial statements are located in Hong Kong. Foreign currency transactions recorded by the operating units in the Company are initially recorded using their functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

For the purpose of the statement of cash flows, the cash flows of the Company is translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company which arise throughout the year are translated into HK$ at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement
In the process of applying the Company's accounting policies, management has made the following judgement apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of each of the operating unit of the Company, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Company is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Income tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Defined benefit plan

The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

(i) Disaggregated revenue information
The Company's entire revenue of goods transferred is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations are summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required

An analysis of revenue and other income is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	288,568	26,702,685
Other income		
Interest income	64	2,276
Penalties charged to suppliers	-	2,746,453
Foreign exchange differences, net	2,149	-
Covid-19-related rent concession from a lessor	102,638	-
Gain on termination of lease	20,607	-
Others	251,956	-
	377,414	2,748,729

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Cost of inventories sold		275,734	23,491,746
Auditor's remuneration		36,000	75,000
Depreciation of property, plant and equipment	9	8,652	28,022
Depreciation of right-of-use assets	10	167,549	335,206
Lease payments not included in the measurement of lease liabilities		-	48,136
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		537,966	3,944,779
Defined benefit scheme		7,066	71,452
		545,032	4,016,231
Foreign exchange differences, net		(2,149)	39,271
Reversal of impairment of trade receivables	11	(8,433)	(9,950)

6. FINANCE COSTS

		2021 HK$	2020 HK$
Interest on bank loans and overdrafts		3,299	18,936
Interest on lease liabilities	10	8,643	27,593
		11,942	46,529

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax charge applicable to loss before tax at the Hong Kong statutory rate to the tax charge at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Loss before tax	(1,892,289)	(4,691,346)
Tax expense at the statutory tax rate	(312,228)	(774,072)
Income not subject to tax	(64,391)	(983,345)
Expenses not deductible for tax	376,619	1,757,417
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2021	
At 31 March 2020 and 1 April 2020:	
Cost	199,383
Accumulated depreciation	(189,029)
Net carrying amount	10,354
At 1 April 2020, net of accumulated depreciation	10,354
Depreciation provided during the year	(8,652)
At 31 March 2021, net of accumulated depreciation	1,702
At 31 March 2021:	
Cost	199,383
Accumulated depreciation	(197,681)
Net carrying amount	1,702

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Office equipment HK$
31 March 2020	
At 1 April 2019:	
Cost	199,383
Accumulated depreciation	(161,007)
Net carrying amount	38,376
At 1 April 2019, net of accumulated depreciation	38,376
Depreciation provided during the year	(28,022)
At 31 March 2020, net of accumulated depreciation	10,354
At 31 March 2020:	
Cost	199,383
Accumulated depreciation	(189,029)
Net carrying amount	10,354

10. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 3 and 4 years.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2019	865,317
Depreciation charge	(335,206)
Exchange realignment	(27,302)
As at 31 March 2020 and 1 April 2020	502,809
Depreciation charge	(167,549)
Impairment	(335,098)
Exchange realignment	(162)
As at 31 March 2021	-

10. LEASES (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount as at 1 April	528,402	892,768
Accretion of interest recognised during the year	8,643	27,593
Termination of lease	(355,705)	-
Covid-19-related rent concession from a lessor	(102,638)	-
Payments	(78,532)	(362,456)
Exchange realignment	(170)	(29,503)
Carrying amount at 31 March	-	528,402
Analysed into:		
Current portion	-	349,297
Non-current portion	-	179,105

The maturity analysis of lease liabilities is disclosed in note 19 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$	2020 HK$
Interest on lease liabilities	8,643	27,593
Depreciation charge of right-of-use assets	167,549	335,206
Expense relating to short-term leases and other leases with lease terms ended on or before 31 March 2020 (included in administrative expense)	-	(48,136)
Gain on termination of lease	(20,607)	-
Covid-19-related rent concession from a lessor	(102,638)	-
Total amount recognised in profit or loss	52,947	410,935

11. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	-	943,690
Impairment	-	(8,433)
	-	935,257

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	8,433	18,383
Reversal of impairment losses (note 5)	(8,433)	(9,950)
At end of year	-	8,433

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.89%	-	0.89%	-	0.89%
Gross carrying amount (HK$)	926,008	-	17,682	-	943,690
Expected credit losses (HK$)	8,275	-	158	-	8,433

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Prepayments	10,698	-
Deposits	-	82,376
Other receivables	-	4,129
	10,698	86,505
Less: Portion classified as non-current	-	(82,376)
	10,698	4,129

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2020, the loss allowance was assessed to be minimal.

13. OTHER PAYABLES AND ACCRUALS

	Note	2021 HK$	2020 HK$
Accrued employee benefits		-	57,944
Accruals		67,954	230,582
Defined benefit obligations	14	-	263,080
		67,954	551,606
Less: Portion classified as non-current assets		-	(263,080)
		67,954	288,526

14. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2020 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2020
Discount rate (%)	9.2
Expected rate of salary increases (%)	6

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2020				
Discount rate	0.5	(1,151)	0.5	1,402
Future salary increase	0.5	1,499	0.5	(1,275)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

14. DEFINED BENEFIT OBLIGATIONS (continued)

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2021 HK$	2020 HK$
Current service cost	7,066	40,258
Interest cost	-	31,194
Net benefit expenses	7,066	71,452
Recognised in administrative expenses	7,066	71,452

The movements in the present value of the defined benefit obligations are as follows:

	2021 HK$	2020 HK$
At 1 April	263,080	-
Current service cost	7,066	40,258
Net interest cost	-	31,194
Benefit paid	(270,146)	(299,513)
Actuarial loss arising from experience adjustments	-	491,141
At 31 March	-	263,080

15. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	10,000	10,000

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Immediate holding company		
SAP expenses	-	15,560
Management fees paid	-	79,302
Fellow subsidiary:		
Commission paid	-	1,297,575
Human resources support expenses	324,294	769,286
Sample expenses	396,277	1,580,608

(b) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits and other receivables, amounts due from the immediate holding company and a fellow subsidiary, and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements. The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, and amounts due to fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, deposits (current portion) and other receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, amounts with the immediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of deposits and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from revenue generated and expenses incurred in currencies other than the Company's operating units' functional currencies. Majority of the Company's revenue and expenses are denominated in either US$ or HK$. The foreign currency risk is expected to be minimal due to the pegged rate of exchange between the HK$ and the US$, and the Company will continually monitor its foreign currency risk exposure in light of various market conditions to determine if any hedging arrangements are required in the future.

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Due from immediate holding company					
- Normal**	106,251	-	-	-	106,251
Cash and cash equivalents					
- Not yet past due	312,278	-	-	-	312,278
	418,529	-	-	-	418,529

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	943,690	943,690
Deposits and other receivables					
- Normal**	86,505	-	-	-	86,505
Due from a fellow subsidiary					
- Normal**	1,634,553	-	-	-	1,634,553
Due from immediate holding company					
- Normal**	106,251	-	-	-	106,251
Cash and cash equivalents					
- Not yet past due	2,106,682	-	-	-	2,106,682
	3,933,991	-	-	943,690	4,877,681

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of an amount due from a fellow subsidiary and immediate holding company, and financial assets included in deposits and other receivable is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	465,364	-	465,364
Other payables	67,954	-	67,954
Due to fellow subsidiaries	3,028,632	-	3,028,632
	3,561,950	-	3,561,950

As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	362,456	181,228	543,684
Trade payables	2,345,852	-	2,345,852
Other payables	230,582	-	230,582
Due to fellow subsidiaries	3,195,283	-	3,195,283
	6,134,173	181,228	6,315,401

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the member's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

27 MAY 2021

Report of the Directors and Audited Financial Statements

CLOVER COLLECTIONS LIMITED

31 March 2021

Building a better
working world

CLOVER COLLECTIONS LIMITED

CONTENTS

CLOVER COLLECTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity

The principal activity of the Company for the year ended 31 March 2021 is the trading of garments. There were no significant changes in the nature of the Company's principal activities during the year.

Results and dividends

The Company's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 35.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Payel Seth

In accordance with the Company's articles of association, the directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the member of Clover Collections Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Clover Collections Limited (the "Company") set out on pages 5 to 35, which comprises the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditor's report (continued)
To the member of Clover Collections Limited
(Incorporated in Hong Kong with limited liability)

Responsibilities of the directors for the financial statements (continued)
In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

Independent auditor's report (continued)
To the member of Clover Collections Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

CLOVER COLLECTIONS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	267,597,468	174,067,297
Cost of sales		(237,942,996)	(154,762,542)
Gross profit		29,654,472	19,304,755
Other income and gains	4	15,117,149	10,118,444
Selling and distribution expenses		(574,881)	(1,524,855)
Administrative expenses		(16,427,280)	(15,510,864)
Finance costs	6	(38,848)	(233,153)
PROFIT BEFORE TAX	5	27,730,612	12,154,327
Income tax expense	8	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,730,612	12,154,327

CLOVER COLLECTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Right-of-use asset	10(a)	2,087,548	-
Deposits		115,328	-
Property, plant and equipment	9	860,438	1,219,314
Total non-current assets		3,063,314	1,219,314
CURRENT ASSETS			
Trade receivables	11	1,763,220	10,137,413
Due from an intermediate holding company	15(b)	71,981	-
Due from the immediate holding company	15(b)	85,660,402	9,151,992
Due from a fellow subsidiary	15(b)	167,913	-
Cash and cash equivalents		1,003,472	131,968
Total current assets		88,666,988	19,421,373
CURRENT LIABILITIES			
Trade payables		30,236,603	20,940,073
Interest-bearing bank borrowings	12	36,662,318	2,515,540
Lease liability	10(b)	1,462,553	-
Other payables and accruals	13	730,758	260,718
Due to a related company	15(c)	34,357	-
Due to fellow subsidiaries	15(b)	3,189,462	5,890,315
Total current liabilities		72,316,051	29,606,646
NET CURRENT ASSETS/(LIABILITIES)		16,350,937	(10,185,273)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,414,251	(8,965,959)
NON-CURRENT LIABILITY			
Lease liability	10(b)	649,598	-
Net assets/(liabilities)		18,764,653	(8,965,959)

/continued...

CLOVER COLLECTIONS LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	14	1,556,000	1,556,000
Reserves		17,208,653	(10,521,959)
Total equity/(deficiency in assets)		18,764,653	(8,965,959)

.... Pallak Seth
Director

.... Deepak Kumar Seth
Director

CLOVER COLLECTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity/(net deficiency in assets) HK$
At 1 April 2019	1,556,000	(22,676,286)	(21,120,286)
Profit and total comprehensive income for the year	-	12,154,327	12,154,327
At 31 March 2020 and 1 April 2020	1,556,000	(10,521,959)	(8,965,959)
Profit and total comprehensive income for the year	-	27,730,612	27,730,612
At 31 March 2021	1,556,000	17,208,653	18,764,653

CLOVER COLLECTIONS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		27,730,612	12,154,327
Adjustments for:			
Depreciation of property, plant and equipment	5	399,601	117,307
Depreciation of right-of-use asset	5	490,874	-
Finance costs	6	38,848	233,153
Impairment/(reversal of impairment) of trade receivables	5	(84,952)	48,266
		28,574,983	12,553,053
Decrease in trade receivables		8,459,145	4,601,619
Decrease/(increase) in prepayments and deposits		(115,328)	38,608
Increase in an amount due from an intermediate holding company		(71,981)	(46,680)
Increase in an amount due from the immediate holding company		(76,508,410)	(14,479,795)
Increase/(decrease) in trade payables		9,296,530	(2,502,436)
Increase in other payables and accruals		470,040	32,706
Increase in an amount due to a related company		34,357	-
Changes in balances with fellow subsidiaries		(2,868,766)	(1,027,684)
Cash generated used in operations		(32,729,430)	(830,609)
Interest paid		-	(233,153)
Net cash flows used in operating activities		(32,729,430)	(1,063,762)
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(40,725)	(1,336,621)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from trust receipt loans		107,928,107	2,515,540
Repayments of trust receipt loans		(73,781,329)	
Principal portion of lease payments		(466,271)	-
Interest element of lease liability		(38,848)	-
Cash flows from financing activities		33,641,659	2,515,540
NET INCREASE IN CASH AND CASH EQUIVALENTS		871,504	115,157
Cash and cash equivalents at beginning of year		131,968	16,811
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,003,472	131,968
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,003,472	131,968

1. CORPORATE INFORMATION

Clover Collections Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashion Ltd., a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The Company has not adopted any new and revised HKFRSs, that have been issued and effective for the year ended 31 March 2021, in these financial statements. The Company assessed these new and revised HKFRSs would have no significant impact on the Company's financial performance and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company had certain interest-bearing bank borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 31 March 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Company will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation
Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	25%
Computer equipment	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(b) Lease liabilities (continued)
In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term lease of a property (that is 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 recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Handling fee is recognised when the relevant services has been rendered.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment
Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Company to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 10 to the financial statements.

Leases – Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Provision for income taxes
Provision for income tax is made based on the taxable income for the period as determined by the Company. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amount of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authorities may issue from time to time.

4. REVENUE AND OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold.

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of revenue and other income and gains is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	267,597,468	174,067,297
Other income and gains		
Handling fee income	13,373,027	8,471,403
Penalties from suppliers	1,733,962	1,636,319
Foreign exchange differences, net	-	10,722
Others	10,160	-
	15,117,149	10,118,444

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Auditor's remuneration		15,000	18,960
Depreciation of right-of-use asset	10(a)	490,874	-
Depreciation of property, plant and equipment	9	399,601	117,307
Lease payments not included in the measurement of a lease liability	10	13,341	-
Impairment/(reversal of impairment) of trade receivables	11	(84,952)	48,266
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		3,071,810	-
Foreign exchange differences, net		91,621	(10,722)

6. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on trust receipt loans	-	233,153
Interest on lease liability	38,848	-
	38,848	233,153

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory tax rate of 16.5% (2020: 16.5%) to the tax at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit before tax	27,730,612	12,154,327
Tax expense at the statutory tax rate	4,575,551	2,005,464
Tax losses utilised from previous periods	-	(2,005,464)
Income not subject to tax	(7,387,317)	-
Expenses not deductible for tax	2,811,766	-
Tax at the effective tax rate	-	-

As at the end of the reporting period, the Company had unused tax losses of HK$10,568,678 (2020: HK$10,568,678), subject to the agreement of the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Company. Deferred tax assets in respect of the unused tax losses has not been recognised as the directors consider it uncertain that there will be available taxable profits of the Company to utilise the unused tax losses.

9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Total HK$
31 March 2021				
At 31 March 2020 and 1 April 2020:				
Cost	586,704	724,089	25,828	1,336,621
Accumulated depreciation	(48,892)	(59,807)	(8,608)	(117,307)
Net carrying amount	537,812	664,282	17,220	1,219,314
At 1 April 2020, net of accumulated depreciation	537,812	664,282	17,220	1,219,314
Additions	-	14,959	25,766	40,725
Depreciation provided during the year	(146,712)	(242,240)	(10,649)	(399,601)
At 31 March 2021, net of accumulated depreciation	391,100	437,001	32,337	860,438
At 31 March 2021:				
Cost	586,704	739,048	51,594	1,377,346
Accumulated depreciation	(195,604)	(302,047)	(19,257)	(516,908)
Net carrying amount	391,100	437,001	32,337	860,438

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Total HK$
31 March 2020				
At 1 April 2019:				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net carrying amount	-	-	-	-
At 1 April 2019, net of accumulated depreciation	-	-	-	-
Additions	586,704	724,089	25,828	1,336,621
Depreciation provided during the year	(48,892)	(59,807)	(8,608)	(117,307)
At 31 March 2020, net of accumulated depreciation	537,812	664,282	17,220	1,219,314
At 31 March 2020:				
Cost	586,704	724,089	25,828	1,336,621
Accumulated depreciation	(48,892)	(59,807)	(8,608)	(117,307)
Net carrying amount	537,812	664,282	17,220	1,219,314

10. LEASES

The Company as a lessee
The Company has a lease contract for an office premise which has lease term of four years.

(a) Right-of-use asset

The carrying amount of the Company's right-of-use asset and the movements during the year are as follows:

	Office premises HK$
As at 31 March 2020 and 1 April 2020	-
New lease	2,578,422
Depreciation charge	(490,874)
As at 31 March 2021	2,087,548

(b) Lease liability

The carrying amount of lease liability and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount at the beginning of the year	-	-
New lease	2,578,422	-
Accretion of interest recognised during the year	38,848	-
Payments	(505,119)	-
Carrying amount at the end of the year	2,112,151	-
Analysed into:		
Current portion	1,462,553	-
Non-current portion	649,598	-

10. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to lease are as follows:

	2021 HK$	2020 HK$
Interest on lease liability	38,848	-
Expense relating to short-term lease with remaining lease term ended on or before 31 March 2021	13,341	-
Depreciation charge of right-of-use asset	490,874	-
Total amount recognised in profit or loss	543,063	-

11. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	1,769,545	10,228,690
Less: Impairment	(6,325)	(91,277)
	1,763,220	10,137,413

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

11. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	91,277	43,011
Impairment losses/(reversal of impairment loss) (note 5)	(84,952)	48,266
At end of year	6,325	91,277

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due		
	Current	Less than 1 month	1 to 3 months	Total
Expected credit loss rate	0.36%	0.36%	0.36%	0.36%
Gross carrying amount (HK$)	247,087	1,136,075	386,383	1,769,545
Expected credit losses (HK$)	883	4,061	1,381	6,325

As at 31 March 2020

		Pass due		
	Current	Less than 1 month	1 to 3 months	Total
Expected credit loss rate	0.89%	0.89%	0.89%	0.89%
Gross carrying amount (HK$)	8,748,993	1,207,043	272,654	10,228,690
Expected credit losses (HK$)	78,055	10,786	2,436	91,277

12. INTEREST-BEARING BANK BORROWINGS

	2021			2020		
	Contractual interest rate (%) per annum	Maturity	HK$	Contractual interest rate (%) per annum	Maturity	HK$
Trust receipt loans*	LIBOR#+2%	2021 on demand	36,662,318	LIBOR#+2%	2020 on demand	2,515,540

* Denominated in US$
\# London Interbank Offered Rate ("LIBOR")

13. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Other payables	151,956	240,069
Accruals	578,802	20,649
	730,758	260,718

Note: Other payables are non-interest-bearing and have an average term of three months.

14. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
200,000 (2020: 200,000) ordinary shares	1,556,000	1,556,000

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Fellow subsidiaries:		
Consultancy fees paid	53,915	-
Immediate holding company:		
Management fee paid	71,981	-
Interest expenses recharged	512,904	-

(b) The balances with an intermediate holding company, the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) The related company is a joint venture of the immediate holding company, Norwest Industries Limited. In addition, Pallak Seth, a director of the Company, is a member of the key management personnel of the related company.

16. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 March 2021, the Company had non-cash addition to right-of-use asset and lease liability of HK$2,578,422 and HK$2,578,422, respectively, in respect of a lease arrangement for an office premise.

(b) Change in liabilities arising from financing activities

	Lease liability HK$	Interest-bearing bank borrowings HK$
At 1 April 2019		-
Changes from financing cash flows, net	-	2,515,540
At 31 March 2020 and 1 April 2020	-	2,515,540
New lease	2,578,422	-
Changes from financing cash flows, net	(505,119)	34,146,778
Interest expense	38,848	-
At 31 March 2021	2,112,151	36,662,318

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits, amounts due from the intermediate holding company, fellow subsidiary and the immediate holding company and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liability, amounts due to a related company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$493,431 (2020: HK$260,718). The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The fair values of the non-current portion of deposits and lease liability have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	1,769,545	1,763,220
Deposits					
- Normal**	115,328	-	-	-	115,328
Due from an intermediate holding company					
- Normal**	71,981	-	-	-	71,981
Due from an immediate holding company					
- Normal**	85,660,402	-	-	-	85,660,402
Due from a fellow subsidiary					
- Normal**	167,913	-	-	-	167,913
Cash and cash equivalents					
- Not yet past due	1,003,472	-	-	-	1,003,472
	87,019,096	-	-	1,769,545	88,788,641

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	10,228,690	10,228,690
Due from the immediate holding company					
- Normal**	9,151,992	-	-	-	9,151,992
Cash and cash equivalents					
- Not yet past due	131,968	-	-	-	131,968
	9,283,960	-	-	10,228,690	19,512,650

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of deposits and amounts due from an intermediate holding company, the immediate holding company and a fellow subsidiary are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	30,236,603	-	30,236,603
Interest-bearing bank borrowings	36,662,318	-	36,662,318
Lease liability	1,519,650	690,750	2,210,400
Financial liabilities included in other payables and accruals	493,431	-	493,431
Due to a related company	34,357	-	34,357
Due to fellow subsidiaries	3,189,462	-	3,189,462
	72,135,821	690,750	72,826,571

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)
As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Trade payables	20,940,073	-	20,940,073
Interest-bearing bank borrowings	2,515,540	-	2,515,540
Financial liabilities included in other payables and accruals	260,718	-	260,718
Due to fellow subsidiaries	5,890,315	-	5,890,315
	29,606,646	-	29,606,646

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

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FINANCIAL STATEMENTS OF

M/s. CLOVER COLLECTIONS FZCO
DUBAI - (U.A.E.)

FOR THE PERIOD ENDED

31 MARCH 2021

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* * * *

COMPANY INFORMATION

1. **Name & Address of the Company**

M/s. CLOVER COLLECTIONS FZCO
Dubai Airport Free Zone Authority
Dubai (U.A.E.)

2. **Auditors to the Company**

M/s.SALIM RAJKOTWALA
Chartered Accountants
P. O. Box 40972,
Dubai (U.A.E.)

Tel: 04 - 2368945
Fax: 04 - 2368944

*A member firm of **MGI** Worldwide*

OFFICE BEARERS

Directors

1) Mr. Deepak Kumar Seth
   Director
   Dubai Airport Free Zone Authority
   Dubai (U.A.E.)

2) Mr. Payal Seth
   Director
   Dubai Airport Free Zone Authority
   Dubai (U.A.E.)

3) Mr. Pallak Seth
   Director
   Dubai Airport Free Zone Authority
   Dubai (U.A.E.)

4) Mr. Akashkumar Jitendra Kumar Maheta
   Manager/Secretary/Authorized Signatory
   Dubai Airport Free Zone Authority
   Dubai (U.A.E.)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
M/s. CLOVER COLLECTIONS FZCO
DUBAI (U.A.E.)

Opinion

We have audited the financial statements ("the financial statements") of **M/s. CLOVER COLLECTIONS FZCO, Dubai** (the "Company") which comprise the balance sheet as at **31st March 2021**, statement of profit or loss and other comprehensive income, statement of changes in equity, cash flow statement for the period from 25th February 2020 (inception) to 31st March 2021, and notes to the financial statements, including a summary of significant accounting policies set out on Pages 4 to 13.

In our opinion, the accompanying financial statements give a true and fair view of the state of the Company's affairs as at 31st March 2021 and of the Company's financial performance and cash flows for the period then ended and have been prepared in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note no. 2 to the financial statements. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. For the period ended 31 March 2021, the Company had a net loss of AED 58,232 and as at 31st March 2021, the Company had accumulated loss of AED 58,232 against share capital of AED 100,000. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, since the shareholders have committed to provide such financial support as may be required to enable the Company to meet its debts and obligations as they fall due.

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 section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Contd...[2]

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with applicable law in United Arab Emirates and International Financial Reporting Standards, and for such internal control as the management determines is necessary to enable the presentation 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 intend to liquidate the Company, or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities

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:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Contd...[3]

Auditor's Responsibilities

* 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.

* 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's audit. We remain solely responsible for our audit opinion.

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.

Report on Other Regulatory Matters

We also confirm that in our opinion proper books of account have been kept by the Company. We have obtained all the information and explanations we required for the purpose of our audit, and to the best of our knowledge and belief no breach of the Free Zone Regulations and applicable laws or the Memorandum of Association of the Company has occurred during the year which would have had a material effect on the Company's business or financial position.

SALIM RAJKOTWALA CHARTERED ACCOUNTANTS
DUBAI 05 SEP 2021
Registration No. 805

CLOVER COLLECTIONS FZCO
DUBAI (U.A.E.)
BALANCE SHEET AS AT 31 MARCH 2021
IN UAE DIRHAMS

	Notes	
ASSETS		
Current assets		
Prepayments	4	26,388
Total current assets		26,388
Total assets		**26,388**
SHAREHOLDER'S FUNDS AND LIABILITIES		
Shareholder's funds		
Share capital	5	100,000
Shareholder's current account	6	(100,000)
Retained (loss)		(58,232)
Total Shareholder's funds		(58,232)
Liabilities		
Current liabilities		
Amount due to a related party	7	84,620
Total current liabilities		84,620
Total Shareholder's funds and liabilities		**26,388**

Annexed Schedule of Notes forms an integral part of these financial statements.

For CLOVER COLLECTIONS FZCO

DIRECTOR

CLOVER COLLECTIONS FZCO
DUBAI (U.A.E.)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD FROM 25 FEBRUARY 2020 TO 31 MARCH 2021
IN UAE DIRHAMS

	Notes	
Income		
Sales (Net)		-
Gross profit		-
Operating Expenses		
Administration and selling expenses	8	58,232
		58,232
Operating (loss)		**(58,232)**
NET (LOSS) FOR THE PERIOD		**(58,232)**

Annexed Schedule of Notes forms an integral part of these financial statements.

For CLOVER COLLECTIONS FZCO

DIRECTOR

CLOVER COLLECTIONS FZCO
DUBAI (U.A.E.)
STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2021
IN UAE DIRHAMS

Salim Rajkotwala Chartered Accountants - Dubai & Sharjah

	Notes	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period		(58,232)
Operating (loss) before working capital changes		(58,232)
(Increase) in accounts receivable & prepayments		(26,388)
Increase in accounts payable & accruals		-
Increase in amount due to a related party		84,620
Net cash received from operating activities	**(A)**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital introduced during the period		100,000
(Decrease) in shareholder's current account		(100,000)
Net cash (used in) financing activities	**(B)**	-
Net (decrease) in cash and cash equivalents	**(A+B)**	-
Cash and cash equivalents - beginning of the period		-
Cash and cash equivalents - end of the period		-

For CLOVER COLLECTIONS FZCO

DIRECTOR

CLOVER COLLECTION FZCO

DUBAI - (U.A.E)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2021

IN UAE DIRHAMS

	Share Capital	Shareholder's Current Account	Retained (loss)	Total
Introduced during the period	100,000	-	-	100,000
Net movements during the period	-	(100,000)	-	(100,000)
(Loss) for the period	-	-	(58,232)	(58,232)
Balance as on 31.03.2021	**100,000**	**(100,000)**	**(58,232)**	**(58,232)**

For CLOVER COLLECTION FZCO

DIRECTOR

INDEPENDENT AUDITOR'S REPORT - PAGE 1 to 3

CLOVER COLLECTION FZCO

DUBAI - (U.A.E)

SCHEDULE OF NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2021

FIGURES IN UAE DIRHAMS

1. LEGAL STATUS

1.1 **M/s. CLOVER COLLECTIONS FZCO, DUBAI,** is a free zone Company registered with Dubai Airport Free Zone Authority in Dubai U.A.E. The Company is fully owned by Multinational Textile Group Limited, Mauritius.

1.2 The principal activity of the Company is clothing accessories trading , footwear trading, clothing including sports clothes and uniforms trading.

1.3 The registered office of the Free Zone Company will be situated in Dubai Airport Free Zone.

2. GOING CONCERN

The financial statements have been prepared on a "going concern basis", which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

For the period ended 31 March 2021, the Company had a net loss of AED 58,232 and as at 31st March 2021, the Company had accumulated loss of AED 58,232 against share capital of AED 100,000.

The financial statements do not include any adjustments relating to the recoverability and classification of its recorded assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern, since the shareholder has committed to provide such financial support as may be required to enable the Company to meet its debts and obligations as they fall due and to continue its operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and interpretations issued by the Standards Interpretations Committee of the IASB.

The following accounting policies have been consistently applied in dealing with items considered material to the Company's financial statements:

3.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

3.2 Accrual Concept

Income and expenditure have been accounted on accrual basis.

3.3 Foreign Currency Conversion

Balances in foreign currencies have been converted into UAE Dirhams at the rate of exchange prevailing at the balance sheet date.

Transactions in foreign currencies are converted at rates ruling when the transaction was entered into.

Gains or losses resulting from foreign currency transactions are taken to profit and loss account.

3.4 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring to the customer.

Sale of goods

Revenue from sale of goods and rendering of services is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods, or the services had been rendered.

Value Added Tax (VAT)

The Company's taxable turnover has not exceeded the threshold limit required for VAT registration during the year , as a result the Company has not registered for VAT

3.5 Purchases

Purchases are stated net of discounts and returns and include all direct expenses to determine the landed cost. There were no purchases during the period.

3.6 Cash and Cash Equivalents

The Company did not have any cash on hand and bank account as on 31 March 2021.

3.7 Impairment of Assets

Financial Assets

At each balance sheet date, the Company assesses if there is any objective evidence indicating impairment of financial assets or non-collectability of receivables.

3.8 Impairment of Assets *(continued)*

Non-financial Assets

At each balance sheet date, the Company assesses if there is any indication of impairment of non-financial assets. If an indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss in the profit and loss account. The Company also assesses if there is any indication that an impairment loss recognized in prior years no longer exists or has reduced. The resultant impairment loss or reversals are recognized immediately in the profit and loss account.

3.9 Financial Instruments

Financial instruments comprise cash, bank balances, deposits, advances, trade debtors, amounts due from/to related parties, trade creditors, accruals and borrowings. The financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

3.10 Leases

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The Company has identified that it has only short-term leases and/or leases of low value in the current financial year.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4. PREPAYMENTS

Prepaid expense	26,388
	26,388

5. SHARE CAPITAL

The authorised share capital of the Company consists of 100 ordinary shares of AED 1000 each, issued and subscribed

M/s. Multinational Textile Group Limited, Mauritius	100 shares	100,000
		100,000

6. SHAREHOLDER'S CURRENT ACCOUNT

Shareholder's current account	(100,000)
	(100,000)

7. AMOUNT DUE TO A RELATED PARTY

M/s. Spring Near East FZCO	84,620
	84,620

8. ADMINISTRATION AND SELLING EXPENSES

License fee	18,573
Rent	19,419
Legal & professional fees	20,240
	58,232

9. TRANSACTIONS WITH RELATED PARTIES

The Company has in the ordinary course of business, entered into trading and financial transactions with "related parties" as contained in the International Accounting Standard No. 24. The terms of such transactions were approved by the management. The amounts due from the related parties are unsecured, interest free and payable on demand.

Outstanding balance with Related Parties

(i) Due to related party	84,620
(ii) Shareholder's current account	(100,000)

10. FINANCIAL INSTRUMENTS

Derivative & exchange rate risks

The Company does not use derivative financial instruments for speculative purposes.

The Company does not have any policy of entering into foreign exchange forward contracts or options to manage its exposure to fluctuations in foreign currency exchange rates. There were no foreign currency assets/liabilities as at 31 March 2021.

Credit risks

There were no credit risks to the Company as on 31 March 2021.

Interest rate risks

No interest is paid on Shareholders' funds. Interest rate risks on other assets/liabilities are immaterial.

Fair value

At the balance sheet date, the carrying amount of prepayments and amounts due to a related party approximated their fair values.

11. COMPARATIVE FIGURES

This being the first operating period of the Company, there are no comparative figures.

12. SUBSEQUENT EVENTS

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.

For CLOVER COLLECTIONS FZCO

DIRECTOR

Company Registration No. 10440973 (England and Wales)

DESIGN ARC UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

DESIGN ARC UK LIMITED

COMPANY INFORMATION

Directors	Mr D Burman Mr R Chadha Mrs P Seth
Secretary	Mr K Kanodia
Company number	10440973
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company continued to be that of importing and distribution of garments.

Results and dividends
The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Burman
Mr R Chadha
Mrs P Seth

Auditor
The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

COVID-19 impact

The outlook of the UK and Global economy still remains uncertain due to the COVID-19 virus, but with the vaccination rollout, the economy is returning back to pre-COVID-19 normality. The directors have assessed the impact to the company and they do not believe there to be any significant impact on the trading activities of the company in the short to medium term.

On behalf of the board

Mr R Chadha
Director

7 May 2021

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DESIGN ARC UK LIMITED

Opinion

We have audited the financial statements of Design ARC UK Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DESIGN ARC UK LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DESIGN ARC UK LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DESIGN ARC UK LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

14 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

DESIGN ARC UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	**3**	2,078,927	2,483,875
Cost of sales		(282,662)	-
Gross profit		1,796,265	2,483,875
Distribution costs		(367,008)	(556,164)
Administrative expenses		(1,517,418)	(1,789,179)
Other operating income		135,387	-
Operating profit	**4**	47,226	138,532
Investment income	**8**	234	-
Finance costs	**9**	(2,918)	(5,326)
Profit before taxation		44,542	133,206
Tax on profit	**10**	(9,255)	(27,502)
Profit and total comprehensive income for the financial year		35,287	105,704

The income statement has been prepared on the basis that all operations are continuing operations.

DESIGN ARC UK LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Non-current assets					
Property, plant and equipment	**11**		58,652		126,283
Current assets					
Trade and other receivables	**12**	410,648		282,526	
Cash and cash equivalents		316,126		233,078	
		726,774		515,604	
Current liabilities	**13**	(680,251)		(528,682)	
Net current assets/(liabilities)			46,523		(13,078)
Total assets less current liabilities			105,175		113,205
Non-current liabilities	**13**		-		(43,317)
Provisions for liabilities					
Deferred tax liabilities	**17**		(1,502)		(1,502)
Net assets			103,673		68,386
Equity					
Called up share capital	**19**		50,000		50,000
Retained earnings			53,673		18,386
Total equity			103,673		68,386

The financial statements were approved by the board of directors and authorised for issue on 7 May 2021 and are signed on its behalf by:

Rakesh Chadha

Mr R Chadha
Director

Company Registration No. 10440973

DESIGN ARC UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2019, as previously reported	50,000	(83,617)	(33,617)
Impact of adoption of IFRS 16	-	(3,701)	(3,701)
Adjusted balance at 1 April 2019	50,000	(87,318)	(37,318)
Period ended 31 March 2020:			
Profit and total comprehensive income for the period	-	105,704	105,704
Balance at 31 March 2020	50,000	18,386	68,386
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	35,287	35,287
Balance at 31 March 2021	50,000	53,673	103,673

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	**25**		174,259		174,503
Tax paid			(26,000)		-
Net cash inflow from operating activities			148,259		174,503
Investing activities					
Purchase of property, plant and equipment		-		(9,085)	
Net cash used in investing activities			-		(9,085)
Financing activities					
Payment of lease liabilities		(65,211)		(68,572)	
Net cash used in financing activities			(65,211)		(68,572)
Net increase in cash and cash equivalents			83,048		96,846
Cash and cash equivalents at beginning of year			233,078		139,933
Effect of adoption of IFRS 16 on reserves			-		(3,701)
Cash and cash equivalents at end of year			316,126		233,078

1 Accounting policies

Company information

Design ARC UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 24.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable net of VAT.

Commission receivable is earned when the supplier ships the goods to the end customers.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Fixtures and fittings	20% reducing balance method
Computers	20% reducing balance method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

1 Accounting policies **(Continued)**

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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1 Accounting policies **(Continued)**

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 Accounting policies **(Continued)**

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.14 Grants

Government grants are recognised when there is reasonable assurance that the grant conditions will be met and the grants will be received.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.16 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and 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 the revision and future periods if the revision affects both current and future periods.

Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements.

Key sources of estimation uncertainty

Valuations of lease liability & right-of-use asset

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

3 Revenue

	2021	2020
	£	£
Revenue analysed by class of business		
Commission receivable	1,782,427	2,483,875
Sales	296,500	-
	2,078,927	2,483,875

	2021	2020
	£	£
Other significant revenue		
Interest income	234	-
Grants received	135,387	-

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	19,747	286
Government grants	(135,387)	-
Depreciation of property, plant and equipment	67,631	65,751

5 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	5,250	5,644
For other services		
Other services	7,322	5,250

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Design	12	20
Sales	4	2
Management	3	1
Total	19	23

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,093,605	1,007,688
Social security costs	118,586	96,196
Pension costs	12,100	15,462
	1,224,291	1,119,346

7 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	172,000	172,000
Company pension contributions to defined contribution schemes	1,423	1,307
	173,423	173,307

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

8 Investment income

	2021 £	2020 £
Interest income		
Other interest income	234	-

9 Finance costs

	2021	2020
	£	£
Interest on other financial liabilities:		
Interest on lease liabilities	2,918	5,326

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	9,500	26,000
Adjustments in respect of prior periods	(245)	-
Total UK current tax	9,255	26,000
Deferred tax		
Origination and reversal of temporary differences	-	1,502
Total tax charge	9,255	27,502

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	£	£
Profit before taxation	44,542	133,206
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	8,463	25,309
Effect of expenses not deductible in determining taxable profit	1,026	2,193
Income not taxable	(234)	-
Taxation charge for the year	9,255	27,502

11 Property, plant and equipment

	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	£	£	£	£
Cost				
At 31 March 2020	254,571	18,217	13,735	286,523
At 31 March 2021	254,571	18,217	13,735	286,523
Accumulated depreciation and impairment				
At 31 March 2020	146,106	10,899	3,235	160,240
Charge for the year	60,388	3,676	3,567	67,631
At 31 March 2021	206,494	14,575	6,802	227,871
Carrying amount				
At 31 March 2021	48,077	3,642	6,933	58,652
At 31 March 2020	108,465	7,318	10,500	126,283

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2021	2020
	£	£
Net values		
Property	48,077	108,465
Additions	-	168,855
Depreciation charge for the year		
Property	60,388	60,390

12 Trade and other receivables

	2021 £	2020 £
VAT recoverable	12,686	17,050
Amounts owed by fellow group undertakings	375,526	220,210
Other receivables	20,524	35,583
Prepayments and accrued income	1,912	9,683
	410,648	282,526

All amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount.

13 Liabilities

		Current		Non-current	
		2021	2020	2021	2020
	Notes	£	£	£	£
Trade and other payables	15	529,222	413,234	-	-
Taxation and social security		107,713	53,156	-	-
Lease liabilities	16	43,316	62,292	-	43,317
		680,251	528,682	-	43,317

14 Fair value of financial liabilities

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

15 Trade and other payables

	2021	2020
	£	£
Trade payables	-	4,423
Amounts owed to fellow group undertakings	308,611	259,945
Accruals and deferred income	20,324	27,071
Other payables	200,287	121,795
	529,222	413,234

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

All trade and other payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables are the same as the carrying value shown above.

16 Lease liabilities

	2021	2020
Maturity analysis	£	£
Within one year	44,022	65,210
In two to five years	-	44,022
Total undiscounted liabilities	44,022	109,232
Future finance charges and other adjustments	(706)	(3,623)
Lease liabilities in the financial statements	43,316	105,609

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	43,316	62,292
Non-current liabilities	-	43,317
	43,316	105,609

16 Lease liabilities (Continued)

Amounts recognised in profit or loss include the following:	2021 £	2020 £
Interest on lease liabilities	2,918	5,326

Other leasing information is included in note 20.

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax balance at 1 April 2019	-
Deferred tax movements in prior year	
Credit to profit or loss	1,502
Deferred tax liability at 1 April 2020 and 31 March 2021	1,502

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

18 Retirement benefit schemes

Defined contribution schemes
The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £13,465 (2020: £15,462)

19 Share capital

	2021	2020
Ordinary share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each	50,000	50,000

20 Operating lease commitments

Lessee
Due to this being the first year of IFRS 16 transition, please refer to the lease liability note.

The amounts included in the 2021 column below relate to the service charge expenses.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021	2020
	£	£
Minimum lease payments under operating leases	44,023	104,783

21 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimization of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings. The company also receives borrowings from its parent and fellow group companies.

The company is not subject to any externally imposed capital requirements.

22 Financial Risk Management

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2021, the company held cash and cash equivalents of £316,127 (2020: £233,078).

Foreign currency risk

The company's functional and presentation currency and the majority of its spending as well as financing facilities are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

23 Related party relationships and transactions

During the year, the company entered into transactions, in the ordinary course of business, with the following related parties;

	Value of services (sold)/ purchased by the company		Balance included within (trade creditors)/trade debtors at year end	
	2021	2020	2021	2020
	£	£	£	£
Poeticgem Limited, UK	20,400	-	(93,781)	(53,415)
Techno Design HK Limited, Hong Kong	-	-	919	919
Norwest Industries Limited, Hong Kong	-	-	(198,130)	(198,130)
Design Arc Asia Limited, Hong Kong	(1,728,426)	(2,483,276)	369,165	196,206
	-	529,647	-	-
Progress Apparel Bangladesh Limited, Bangladesh	-	-	-	487
PDS Smart Fabric	(139,143)	-	-	-
JJ Star Industrial Limited	-	-	5,442	22,598
PDS Ventures Limited	-	-	(16,700)	(8,400)

The above companies are related as follows:

PDS Sourcing Limited has 85% shareholding in Design Arc UK Limited and 100% shareholding in Poeticgem Limited and PDS Ventures Limited.

Norwest Industries Limited, Hong Kong holds 85% shareholding in Design Arc Asia Limited and is a fellow subsidiary of PDS Sourcing Limited

Progress Apparel Bangladesh Limited is a fellow subsidiary of PDS Sourcing Limited

PDS Sourcing Limited and JJ Star Limited are subsidiaries of PDS Multinational Fashions Limited.

Techno Design HK Limited, Hong Kong and PDS Smart Fabric Technology Ltd are fellow subsidiaries of Multinational Textiles Group Limited

The above balances are interest free and repayable on demand.

24 Controlling party

The controlling party of the company is PDS Sourcing Limited by virtue of its 85% ownership of the ordinary share capital and overall board control.

The ultimate parent company is PDS Multinational Fashions Limited, a company registered in India. PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained from # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

The directors regard Global Textile Group Limited as the smallest group and PDS Multinational Fashions Limited as the largest group into which the company is consolidated.

25 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	35,287	105,704
Adjustments for:		
Taxation charged	9,255	27,502
Finance costs	2,918	5,326
Investment income	(234)	-
Depreciation and impairment of property, plant and equipment	67,631	65,751
Movements in working capital:		
Increase in trade and other receivables	(128,122)	(27,818)
Increase/(decrease) in trade and other payables	187,524	(1,962)
Cash generated from operations	174,259	174,503

DESIGN ARC UK LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

DESIGN ARC UK LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

		31 March 2021		31 March 2020
	£	£	£	£
Revenue				
Sales of goods		2,078,927		2,483,875
Cost of sales				
Direct costs	282,662		-	
		(282,662)		-
Gross profit		1,796,265		2,483,875
Other operating income				
Coronavirus job retention scheme grant		135,387		-
Distribution costs	367,008		556,164	
Administrative expenses	1,517,418		1,789,179	
		(1,884,426)		(2,345,343)
Operating profit		47,226		138,532
Investment revenues				
Finance costs				
Finance lease interest payable		(2,918)		(5,326)
Profit before taxation		44,542		133,206

DESIGN ARC UK LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	31 March 2021 £	31 March 2020 £
Distribution costs		
Handling / Transport	31,597	144,242
Designing charges	18,731	14,983
Claims & penalties	37,366	-
Storage charges	900	954
Samples	278,414	395,985
	367,008	556,164
Administrative expenses		
Wages and salaries	921,605	835,688
Social security costs	118,586	96,196
Staff recruitment costs	-	9,000
Staff welfare	6,776	19,704
Staff pension costs defined contribution	10,677	14,155
Directors' remuneration	172,000	172,000
Directors' pension costs - defined contribution scheme	1,423	1,307
Management charge	-	73
Rent re operating leases	53,003	103,829
Rates	11,192	14,877
Cleaning	4,700	12,094
Power, light and heat	6,254	1,948
Property repairs and maintenance	1,365	2,456
Computer running costs	9,912	10,175
Motor running expenses	8,806	17,542
Travelling expenses	(2,732)	218,584
Postage, courier and delivery charges	45,336	87,154
Legal and professional fees	8,747	1,097
Consultancy fees	1,815	-
Audit fees	12,572	10,894
Charitable donations	-	24,574
Bank charges	316	312
Insurances (not premises)	1,102	399
Printing and stationery	3,061	7,215
Books, periodicals, reference materials	-	405
Telecommunications	7,986	19,489
Other office supplies	21,280	20,278
Entertaining	4,258	6,779
Sundry expenses	-	14,918
Depreciation	67,631	65,751

SCHEDULE OF ADMINISTRATIVE EXPENSES (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

	31 March 2021 £	31 March 2020 £
Profit or loss on foreign exchange	19,747	286
	1,517,418	1,789,179

Report of the Directors and Audited Financial Statements

DESIGN ARC EUROPE LIMITED

31 March 2021

Building a better working world

DESIGN ARC EUROPE LIMITED

CONTENTS

DESIGN ARC EUROPE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the Company has not changed during the year and was the trading of garments. Details of the principal activity of the Company's subsidiary are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

Results

The Group's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 34.

Directors

The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company, its subsidiary or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its subsidiary or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....

Pallak Seth
Chairman

Hong Kong
27 May 2021

EY安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of Design Arc Europe Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the consolidated financial statements of Design Arc Europe Limited (the "Company") and its subsidiary (the "Group") set out on pages 5 to 34, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors of the Company are responsible for the other information. The other information comprises the information included in the report of the directors.

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

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

Responsibilities of the directors for the consolidated financial statements
The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors of the Company are responsible for assessing the Group'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 the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the members of Design Arc Europe Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

EY 安永

Independent auditor's report (continued)
To the members of Design Arc Europe Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

DESIGN ARC EUROPE LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	13,715,759	15,306,009
Cost of sales		(11,879,007)	(13,636,044)
Gross profit		1,836,752	1,669,965
Other income and gain	4	169,231	364,601
Selling and distribution expenses		(841,128)	(948,936)
Administrative expenses		(915,183)	(1,123,264)
Other operating expenses		(6,730)	(1,112,008)
Finance costs	6	(47,611)	(111,173)
PROFIT/(LOSS) BEFORE TAX	5	195,331	(1,260,815)
Income tax expense	8	-	(38,106)
PROFIT/(LOSS) FOR THE YEAR		195,331	(1,298,921)

DESIGN ARC EUROPE LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	2021 HK$	2020 HK$
PROFIT/(LOSS) FOR THE YEAR	195,331	(1,298,921)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange difference on translation of a foreign operation	(94,360)	199,198
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	100,971	(1,099,723)

DESIGN ARC EUROPE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSET			
Property, plant and equipment	9	-	-
CURRENT ASSETS			
Trade receivables	10	7,363,413	2,848,202
Prepayments, deposits and other receivables	11	431,120	279,974
Due from fellow subsidiaries	16(b)	122,308	1,312,339
Cash and cash equivalents		387,622	424,995
Total current assets		8,304,463	4,865,510
CURRENT LIABILITIES			
Trade payables		-	615,086
Other payables and accruals	12	339,302	367,069
Due to the immediate holding company	16(b)	22,287,675	20,240,355
Due to fellow subsidiaries	16(b)	208,727	3,384,632
Due to a related company	16(b)	3	35,433
Interest-bearing bank borrowings	13	5,144,850	-
Total current liabilities		27,980,557	24,642,575
NET CURRENT LIABILITIES		(19,676,094)	(19,777,065)
Net liabilities		(19,676,094)	(19,777,065)
EQUITY			
Share capital	14	778,000	778,000
Reserves	15	(20,454,094)	(20,555,065)
Net deficiency in assets		(19,676,094)	(19,777,065)

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

DESIGN ARC EUROPE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Exchange reserve HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	778,000	(220,916)	(19,234,426)	(18,677,342)
Loss for the year	-	-	(1,298,921)	(1,298,921)
Other comprehensive income for the year:				
Exchange difference on translation of a foreign operation	-	199,198	-	199,198
Total comprehensive income/(loss) for the year	-	199,198	(1,298,921)	(1,099,723)
At 31 March 2020 and 1 April 2020	778,000	(21,718)*	(20,533,347)*	(19,777,065)
Profit for the year	-	-	195,331	195,331
Other comprehensive loss for the year:				
Exchange difference on translation of a foreign operation	-	(94,360)	-	(94,360)
Total comprehensive income/(loss) for the year	-	(94,360)	195,331	100,971
At 31 March 2021	778,000	(116,078)*	(20,338,016)*	(19,676,094)

* These reserve accounts comprise the consolidated deficit in reserves of HK$20,454,094 (2020: HK$20,555,065) in the consolidated statement of financial position.

DESIGN ARC EUROPE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		195,331	(1,260,815)
Adjustments for:			
Bank interest income	4	(2)	(7)
Finance costs	6	47,611	111,173
Reversal of impairment of trade receivables	5	(521)	(362)
		242,419	(1,150,011)
Decrease/(increase) in trade receivables		(4,514,690)	2,336,550
Decrease/(increase) in prepayments, deposits and other receivables		(137,302)	149,508
Changes in balance with fellow subsidiaries		(1,985,874)	549,398
Decrease in trade payables		(615,086)	(141,176)
Increase/(decrease) in other payables and accruals		(135,971)	437,224
Increase/(decrease) in an amount due to the immediate holding company		2,047,320	(2,324,770)
Decrease in an amount due to a related company		(35,430)	(7,843)
Cash used in operations		(5,134,614)	(151,120)
Interest received		2	7
Overseas tax paid		-	(38,106)
Interest paid		(47,611)	(111,173)
Net cash flows used in operating activities		(5,182,223)	(300,392)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		12,702,658	-
Repayment of bank loans		(7,557,808)	(333,407)
Net cash flows generated from/(used in) financing activities		5,144,850	(333,407)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(37,373)	(633,799)
Cash and cash equivalents at beginning of year		424,995	1,064,356
Effect of foreign exchange rate changes, net		-	(5,562)
CASH AND CASH EQUIVALENTS AT END OF YEAR		387,622	424,995
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances		387,622	424,995

1. CORPORATE INFORMATION

Design Arc Europe Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activity of the Company has not changed during the year and was the trading of garments. There were no significant changes in the nature of the Group's principal activities during the year.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company was PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

Information about the subsidiary

Particulars of the Company's subsidiary as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable directly to the Company	Principal activity
Nor Europe Manufacturing S.L.	Spain	Euro 3,000	100	Provision of sourcing services

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Group had net current liabilities and net liabilities at the end of the reporting period, as an intermediate holding company of the Group has agreed to provide adequate funds for the Group to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 BASIS OF PREPARATION (continued)

Basis of consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiary (collectively referred to as the "Group") for the year ended 31 March 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of its subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. The results of a subsidiary are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 April 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 April 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank borrowings denominated in United States dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 March 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 Group could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Simplified approach
For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Group are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Office equipment	33⅓%

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entitles which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Commission income is recognised over time when the services are rendered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's oversea subsidiary is required to participate in central pension schemes operated by the respective local governments. The subsidiary is required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Foreign currencies

These financial statements are presented in HK$, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions.

The functional currency of overseas subsidiary is currency other than HK$. As at the end of the reporting period, the assets and liabilities of the entity is translated into HK$ at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into HK$ at the weighted average exchange rate for the year.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiary are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the period are translated into HK$ at the weighted average exchange rate for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency
In determining the functional currency of each of the operating unit of the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country/jurisdiction whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currency of each of the operating unit of the Group is determined based on management's assessment of the primary economic environment in which the operating unit operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimation uncertainty (continued)
Provision for expected credit losses on trade receivables (continued)
The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 10 to the financial statements.

4. REVENUE AND OTHER INCOME AND GAIN

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	13,715,759	15,306,009

An analysis of revenue is as follows:

(i) Disaggregated revenue information
The Group's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Group's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

4. REVENUE AND OTHER INCOME AND GAIN (continued)

An analysis of other income and gain is as follows:

	2021 HK$	2020 HK$
Other income and gain		
Interest income	2	7
Penalty charges received from suppliers	157,281	364,594
Commission income	7,892	-
Foreign exchange gain, net	4,056	-
	169,231	364,601

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Note	2021 HK$	2020 HK$
Auditor's remuneration		40,215	41,750
Reversal of impairment of trade receivables	10	(521)	(362)
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		291,725	399,040
Pension costs		31,019	30,617
		322,744	429,657
Lease payments not included in the measurement of lease liability		5,472	-
Foreign exchange differences, net#		(4,056)	26,953

\# These gains are included in "Other income and gain" and the losses are included in "Other operating expenses", as appropriate, in consolidated statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank loans and overdrafts	47,611	111,173

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Group during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year (2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Group is domiciled to the tax at the effective tax rates is as follows:

As at 31 Mach 2021

	Hong Kong HK$	Spain HK$	Total HK$
Profit before tax	167,927	27,404	195,331
Tax at the Hong Kong statutory tax rate of 16.5%	27,708	4,522	32,230
Effect of different tax rates for overseas subsidiary	-	2,055	2,055
Income not subject to tax	(338,537)	(6,577)	(345,114)
Expenses not deductible for tax	310,829	-	310,829
Tax at the effective rate	-	-	-

As at 31 March 2020

	Hong Kong HK$	Spain HK$	Total HK$
Loss before tax	(578,762)	(682,053)	(1,260,815)
Tax at the Hong Kong statutory tax rate of 16.5%	(95,496)	(112,539)	(208,035)
Effect of different tax rates for overseas subsidiary	-	(51,154)	(51,154)
Income not subject to tax	(335,703)	-	(335,703)
Expenses not deductible for tax	431,199	201,799	632,998
Tax at the effective rate	-	38,106	38,106

8. INCOME TAX (continued)

At 31 March 2021, the Group had tax losses arising in Hong Kong of HK$8,776,507 (2020: HK$8,776,507), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the Group in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Group that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 1 April 2019, 31 March 2020 and at 1 April 2020 and at 31 March 2021:				
Cost	33,727	18,429	82,294	134,450
Accumulated depreciation	(33,727)	(18,429)	(82,294)	(134,450)
Net carrying amount	-	-	-	-

10. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	7,377,861	2,863,171
Less: Impairment	(14,448)	(14,969)
	7,363,413	2,848,202

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	14,969	15,331
Reversal of impairment losses (note 5)	(521)	(362)
At end of year	14,448	14,969

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.20%	0.20%	-	0.29%	0.20%
Gross carrying amount (HK$)	7,249,933	111,126	-	16,802	7,377,861
Expected credit losses (HK$)	14,181	218	-	49	14,448

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.51%	0.54%	-	1.73%	0.52%
Gross carrying amount (HK$)	2,585,394	259,494	-	18,283	2,863,171
Expected credit losses (HK$)	13,263	1,389	-	317	14,969

11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Prepayments	253,728	116,426
Deposits	590	-
Other receivables	176,802	163,548
	431,120	279,974

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

12. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Accruals	265,316	196,594
Other payables	73,986	170,475
	339,302	367,069

Other payables are non-interest-bearing and have an average term of three months.

13. INTEREST-BEARING BANK BORROWINGS

	2021 HK$	2020 HK$
Trust receipt loans	5,144,850	-

As at 31 March 2021, the trust receipt loans were denominated in US$, interest-bearing at London Interbank Offered Rate plus 2% per annum and will be repayable in 2021.

The Group's interest-bearing bank borrowings are secured by guarantees from the intermediate holding company and director of the immediate holding company.

14. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	778,000	778,000

15. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 9 of the financial statements.

16. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2021 HK$	2020 HK$
Intermediate holding company:		
Management fee paid	19,896	809,137
Fellow subsidiaries:		
Commissions paid	-	845,270
Consulting fee paid	756,845	-

(b) The balance with the immediate holding company, fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand. The related company is a joint venture of a fellow subsidiary.

(c) Compensation of key management personnel of the Group represented directors' remuneration as disclosed in note 7 to the financial statements.

17. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from fellow subsidiaries and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group comprise trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to the immediate holding company, fellow subsidiaries and a related company which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

18. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, balances with the immediate holding company, fellow subsidiaries and a related company approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Group did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

Credit risk

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	7,377,861	7,377,861
Financial assets included in Prepayments, deposits and other receivables**					
- Normal**	177,392	-	-	-	177,392
Due from fellow subsidiaries					
- Normal**	122,308	-	-	-	122,308
Cash and cash equivalents					
- Not yet past due	387,622	-	-	-	387,622
	687,322	-	-	7,377,861	8,065,183

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	2,863,171	2,863,171
Financial assets included in Prepayments, deposits and other receivables**					
- Normal**	163,548	-	-	-	163,548
Due from fellow subsidiaries					
- Normal**	1,312,339	-	-	-	1,312,339
Cash and cash equivalents					
- Not yet past due	424,995	-	-	-	424,995
	1,900,882	-	-	2,863,171	4,764,053

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 10 to the financial statements.

** The credit quality of amounts due from fellow subsidiaries and the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or repayable within one year.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

20. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 HK$	2020 HK$
NON-CURRENT ASSET		
Investment in a subsidiary	29,875	29,875
CURRENT ASSETS		
Trade receivables	7,363,413	2,848,202
Prepayments and other receivables	296,088	158,796
Due from a subsidiary	1,426,819	1,298,510
Due from fellow subsidiaries	122,308	1,312,339
Cash and cash equivalents	387,622	424,985
Total current assets	9,596,250	6,042,832
CURRENT LIABILITIES		
Trade payables	-	615,086
Other payables and accruals	50,245	30,503
Due to the immediate holding company	22,287,675	20,240,355
Due to fellow subsidiaries	208,727	3,384,632
Due to a related company	3	35,433
Interest-bearing bank borrowings	5,144,850	-
Total current liabilities	27,691,500	24,306,009
NET CURRENT LIABILITIES	(18,095,250)	(18,263,177)
Net liabilities	(18,065,375)	(18,233,302)
EQUITY		
Share capital	778,000	778,000
Accumulated losses (note)	(18,843,375)	(19,011,302)
Net deficiency in assets	(18,065,375)	(18,233,302)

Pallak Seth
Director

Deepak Kumar Seth
Director

20. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's accumulated losses is as follows:

	HK$
At 1 April 2019	(18,432,540)
Loss and total comprehensive loss for the year	(578,762)
At 31 March 2020 and 1 April 2020	(19,011,302)
Profit and total comprehensive income for the year	167,927
At 31 March 2021	(18,843,375)

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Design Arc FZCO

Financial Statements
For the year ended March 31, 2021

Design Arc FZCO
Financial Statements
For the year ended March 31, 2021

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DESIGN ARC FZCO

Office No. 5WA 308, Dubai Airport Free Zone, Dubai, UAE, PO Box no. 371586

Directors' report

The Directors have the pleasure in submitting their report together with the audited financial statements of Design Arc FZCO ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Design Arc FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company incurred a net loss of AED 190,066 for the year ended March 31, 2021 (2020: AED 955,012).

2. Directors

The Directors of the Company during the year and to the date of this report are as follows: -

- Mr. Deepak Kumar Seth;
- Mr. Pallak Seth;
- Ms. Payel Seth; and
- Mr. Rakesh Chada

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

Grant Thornton UAE
Dubai
Rolex Tower, Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai, UAE

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Independent Auditor's Report
To the Shareholders of Design Arc FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Design Arc FZCO (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of AED 190,066 during the year ended March 31, 2021, and as of that date, the Company's current liabilities exceeded its total assets by AED 1,045,078. These events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The Shareholders have provided an undertaking to provide and arrange for the necessary financial support to enable the Company to continue its operations and meet its obligations as and when they fall due. Our opinion is not modified in respect of this matter.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Design Arc FZCO

Report on the Audit of the Financial Statements (continued)

Other Matter

The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor, who expressed an unmodified opinion on those financial statements on June 28, 2020.

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 IFRSs and their preparation in compliance with the applicable provisions of Law No. 25 of 2009 (as amended) concerning the Dubai Airport Free Zone, 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 based on 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of Design Arc FZCO

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Law No. 25 of 2009 (as amended) concerning the Dubai Airport Free Zone, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief no other violations of above-mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, September 9, 2021

Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Right-of-use asset	6	**146,021**	331,436
		146,021	331,436
Current			
Other receivables	7	**13,534**	12,024
Amounts due from related parties	8	**86,760**	97,970
Cash and cash equivalents	9	**40,892**	20,039
		141,186	130,033
TOTAL ASSETS		**287,207**	461,469
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**100,000**	100,000
Accumulated losses		**(1,145,078)**	(955,012)
TOTAL DEFICIT		**(1,045,078)**	(855,012)
LIABILITIES			
Current			
Other payables	12	**14,680**	494,600
Amounts due to related parties	8	**1,317,605**	635,876
Finance lease liability	11	-	186,005
TOTAL LIABILITIES		**1,332,285**	1,316,481
TOTAL EQUITY AND LIABILITIES		**287,207**	461,469

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Design Arc FZCO
Financial Statements

Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
Revenue	13	**8,927**	-
Cost of sales	14	**(7,919)**	-
GROSS PROFIT		**1,008**	-
Administrative, selling and general expenses	15	**(225,967)**	(939,089)
Other income	16	**44,062**	-
Finance cost	11	**(9,169)**	(15,923)
NET LOSS FOR THE YEAR/PERIOD		**(190,066)**	(955,012)
Other comprehensive income for the year/period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**(190,066)**	(955,012)

The accompanying notes from 1 to 20 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2021

	Share capital AED	Accumulated losses AED	Total deficit AED
Share capital introduced	100,000	-	100,000
Net loss for the period	-	(955,012)	(955,012)
Balance at March 31, 2020	100,000	(955,012)	(855,012)
Net loss for the year	-	(190,066)	(190,066)
Balance at March 31, 2021	**100,000**	**(1,145,078)**	**(1,045,078)**

The accompanying notes from 1 to 20 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
OPERATING ACTIVITIES			
Net loss for the year/period		**(190,066)**	(955,012)
Adjustments for:			
Depreciation on right-of-use asset	8	**185,415**	189,393
Finance cost	11	**9,169**	15,923
COVID-19 related rent concessions	11	**(39,027)**	-
Operating cash flows before working capital changes		**(34,509)**	(749,696)
Net changes in working capital:			
Trade and other receivables		**(1,510)**	(12,024)
Amounts due from related parties		**11,210**	(97,970)
Trade and other payables		**(479,920)**	494,600
Amounts due to a related party		**681,729**	635,876
Net cash generated from operating activities		**177,000**	270,876
FINANCING ACTIVITY			
Repayment of finance lease liabilities	11	**(156,147)**	(350,747)
Proceeds from introduction of share capital		**-**	100,000
Net cash used in financing activity		**(156,147)**	(250,747)
Net change in cash and cash equivalents		**20,853**	20,039
Cash and cash equivalents, beginning of year/period		**20,039**	-
Cash and cash equivalents, end of year/period	9	**40,892**	20,039

The accompanying notes from 1 to 20 form an integral part of these financial statements.

1 Legal status and nature of operations

Design Arc FZCO ("the Company") is a free zone company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is office no.302, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius. PDS Multinational Fashions Limited, India is the Ultimate Parent Company.

The principal activities of the Company are trading in garments accessories, handbags and leather products and readymade garments.

2 Basis of preparation and statement of compliance

2.1 Basis of preparation

The financial statements for the year ended March 31, 2021 have been prepared on a going concern basis, notwithstanding the fact that the Company has incurred a net loss of AED 190,066 for the year ended March 31, 2021 and as of that date, the Company's current liabilities exceeded its total assets by AED 1,045,078. The continuation of the Company's operations is dependent upon its future profitable operations, its ability to generate sufficient cash flows to meet its obligations and continued financial support from the Shareholders. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Shareholders has provided an undertaking to provide and arrange for the necessary financial support to enable the Company to continue its operations and meet its obligations as and when they fall due.

2.2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made except for the following amendment which has a significant impact on the financial statements:

4 Standards, interpretations and amendments to existing standards (continued)

COVID-19 Rent Related Concessions (Amendments to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 'Leases'. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The effect of applying the practical expedient is disclosed in note 11 to the financial statements.

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

5.1 Overall considerations

The significant accounting policies have been used in the preparation of these financial statements and which are consistent in previous years are summarised below.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

5.2 Foreign currency

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5 Summary of significant accounting policies (continued)

5.3 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');

5 Summary of significant accounting policies (continued)

5.3 Financial instruments (continued)

Impairment of financial assets (continued)

- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 17.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of other payables, finance lease liabilities and amounts due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

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

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Accumulated losses include all current and prior period retained profits/(losses).

5 Summary of significant accounting policies (continued)

5.6 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

5.6 Provisions and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

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 Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

5 Summary of significant accounting policies (continued)

5.7 Revenue (continued)

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company 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.
- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.
- When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

5.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

5 Summary of significant accounting policies (continued)

5.8 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

5.9 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5 Summary of significant accounting policies (continued)

5.10 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)
For the year ended March 31, 2021

6 Right-of-use asset

Office premises	2021 AED	2020 AED
Cost		
Balance at April 1,	**520,089**	-
Additions	**-**	520,089
Balance at March 31,	**520,089**	520,089
Accumulated depreciation		
Balance at April 1,	**331,436**	-
Charge for the year (note 15)	**185,415**	189,393
Balance at March 31,	**374,808**	189,393
Carrying amount as at March 31,	**146,021**	331,436

7 Other receivables

	2021 AED	2020 AED
Non-financial assets		
Prepayments	**12,024**	12,024
Other receivables	**1,510**	-
	13,534	**12,024**

8 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. The transactions are measured at amounts agreed to by both parties.

Amounts due from related parties

	2021 AED	2020 AED
Entities under common control		
Spring Near East FZCO	**86,760**	72,970
Twins Asia FZCO	**-**	25,000
	86,760	97,970

8 Related parties (continued)

Amounts due to related parties

	2021 AED	2020 AED
Shareholder		
Multinational Textiles Group Limited	**350,256**	350,256
Entities under common control		
Kleider Sourcing FZCO	**762,720**	285,620
Twins Asia FZCO	**204,629**	-
	1,317,605	635,876

9 Cash and cash equivalents

	2021 AED	2020 AED
Cash at bank	**40,892**	20,039
	40,892	20,039

10 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of AED 1,000 (2020: AED 1,000) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the Shareholders' meeting of the Company.

	2021 AED	2020 AED
Total shares issued and fully paid at March 31,	**100**	100

Name of Shareholders	Number of shares	% Holding	2021 AED	2020 AED
Multinational Textile Group Limited	75	75%	75,000	75%
Pallak Seth	10	10%	10,000	10%
Rakesh Chadha	15	15%	15,000	15%
	100	100%	100,000	100%

11 Finance lease liability

	2021 AED	2020 AED
As at April 1,	**186,005**	-
Additions	-	520,829
Finance cost	**9,169**	15,923
COVID-19 related rent concessions (a)	**(39,027)**	-
Repayments during the year	**(156,147)**	(350,747)
As at March 31,	-	186,005

Finance lease liability is repayable as follows:

	Within one year AED
2021	
Finance lease liability	-
2020	
Finance lease liability	186,005

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year AED
2020	
Lease payments	195,174
Finance charges	(9,169)
Net present value	186,005

(a) Rent concessions

As discussed in Note 4, the Company has adopted the practical expedient issued by the International Accounting Standards Board whereby it has accounted for the rent concessions which are a direct consequence of the COVID-19 pandemic.

The adoption of the practical expedient has resulted in the reduction of total lease liabilities and a gain in the statement of comprehensive income by AED 39,027 recorded under other income.

12 Other payables

	2021 AED	2020 AED
Financial liability		
Provision for expenses	**14,680**	494,600
	14,680	494,600

13 Revenue

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
Sale of garments	**8,927**	-
	8,927	-

14 Cost of sales

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
Cost of goods sold	**7,919**	-
	7,919	-

15 Administrative, selling and general expenses

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
Depreciation on right-of-use asset (note 6)	**185,415**	189,393
Legal and professional charges	**35,963**	690,753
Rent	**-**	39,561
Others	**4,589**	19,382
	225,967	939,089

16 Other income

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
COVID-19 related rent concessions	39,027	-
Other income	5,035	-
	44,062	-

17 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

17.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in one of these currencies. The AED is effectively pegged to the USD. The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in EUR and AUD. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in EUR and AUD at the reporting date.

17 Financial instruments risk (continued)

17.2 Credit risk analysis

	2021	2020
	AED	AED
Financial assets		
Amounts due from related parties (note 8)	**86,760**	97,970
Cash at bank (note 9)	**40,892**	20,038
	141,186	130,032

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. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

17.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any future commitments, and this minimizes the risks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2021	**Less than 12 months**
Amounts due to related parties (note 8)	**1,317,605**
Other payable (note 12)	**14,680**
Total	**1,332,285**

As at March 31, 2020	Less than 12 months
Amounts due to related parties (note 8)	635,876
Other payable (note 12)	494,600
Financial lease liability (note 11)	195,174
Total	1,325,650

18 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value

.

19 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

20 Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

DIGITAL INTERNET TECHNOLOGIES LIMITED

CONTENTS

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements of the Company for the year ended March 31, 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding. It did not conduct any business during the year.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended March 31, 2021 and the financial position of the Company as at the date are set out in the financial statements on pages 7 to 8.

The directors do not recommend the payment of a dividend for the year.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (13) to the financial statements.

INTANGIBLE ASSETS

Movements in intangible assets are set out in Note (10) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Pallak SETH
Deepak Kumar SETH
Arun CHANDRA MOHAN

In accordance with Article 20 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in Note (14), no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIGITAL INTERNET TECHNOLOGIES LIMITED

REPORT OF THE DIRECTORS (CONT'D)

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holdings companies, subsidiary or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors was in force during the year and up to the date of this report.

BUSINESS REVIEW

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

AUDITORS

During the period, Messrs. Louis Lai & Luk CPA Limited has been appointed as the auditors of the Company. They now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, September 7, 2021.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Digital Internet Technologies Limited ("the Company") set out on pages 7 to 17, which comprise the statement of financial position as at March 31, 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note (2a) in the financial statements, which indicates that the Company incurred a loss of USD 40,335 for the year ended March 31, 2021 and, as of that date, the Company had a capital deficiency of USD 418,399. As stated in Note (2a), these events or conditions indicate that a material uncertainty related to going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report but 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 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, 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.

Responsibilities of Directors and Those Charged With Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by Hong Kong Institute of Certified Public Accounts and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBERS OF
DIGITAL INTERNET TECHNOLOGIES LIMITED
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, September 7, 2021.

DIGITAL INTERNET TECHNOLOGIES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

	NOTES	2021	2020
		USD	USD
REVENUE	(2h)	-	-
OTHER INCOME AND GAIN	(3)	2,586	6,092
OTHER OPERATING EXPENSES		(42,921)	(189,756)
LOSS BEFORE TAXATION	(4)	(40,335)	(183,664)
TAXATION	(6)	-	-
LOSS FOR THE YEAR		(40,335)	(183,664)

THE NOTES ON PAGES 9 TO 17 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DIGITAL INTERNET TECHNOLOGIES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	NOTES	2021	2020
		USD	USD
Non-Current Assets			
Investment in a subsidiary	(7)	947,365	947,365
Investment in an associate	(8)	-	-
Intangible asset development	(9)	270,041	309,083
		1,217,406	1,256,448
Current Assets			
Amount due from former immediate holding company	(10)	-	60,302
Amount due from a subsidiary	(10)	15,000	-
Amount due from related companies	(10)	84,702	40,300
Cash and cash equivalents		10,475	11,305
		110,177	111,907
Current Liabilities			
Amount due to related companies	(11)	1,441,292	1,440,000
Amount due to fellow subsidiaries	(11)	-	7,292
Amount due to a subsidiary	(11)	-	9,983
Amount due to a director	(11)	302,800	286,873
Accrued expenses		1,890	2,271
		1,745,982	1,746,419
Net Current Liabilities		(1,635,805)	(1,634,512)
NET LIABILITIES		(418,399)	(378,064)
DEFICIT			
Share capital	(12)	10,000	10,000
Accumulated losses	(13)	(428,399)	(388,064)
TOTAL DEFICIT		(418,399)	(378,064)

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 7, 2021 AND SIGNED ON BEHALF OF THE BOARD BY:

Arun CHANDRA MOHAN
Director

Pallak SETH
Director

THE NOTES ON PAGES 9 TO 17 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

DIGITAL INTERNET TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Digital Internet Technologies Limited ("the Company") is a company incorporated in Hong Kong with limited liability. The principal activity of the Company is investment holding. It did not conduct any business during the year. The address of its registered office is 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong. The directors consider that the ultimate holding company and intermediate holding company are PDS Multinational Fashions Limited and Multinational Textile Group Limited respectively. The ultimate holding company is incorporated in India and the intermediate holding company is incorporated in Mauritius. The ultimate holding company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

The Company and its subsidiary qualifies for the reporting exemption as a small private companies under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap.622), and the Group as a whole qualifies for the reporting exemptions as a group of small private companies under section 359(2).

As the Company and its subsidiary qualify as a group of small private companies and satisfy the exemption criteria set out in section 381(2) of the Hong Kong Companies Ordinance (Cap.622), and is therefore not required to prepare consolidated financial statements.

The Company is therefore entitled to prepare and present its financial statements of the Company only in accordance with the SME-FRS issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The Company has incurred a loss of USD 40,335 for the year ended March 31, 2021 and, as at the end of the reporting year, the Company had a capital deficiency of USD 418,399. Notwithstanding these conditions, the going concern basis has been adopted because the holding companies have agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

The financial statements have been prepared under the historical cost convention and are presented in United States Dollars ("USD"), which is also the Company's reporting currency.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

b. Group Consolidation

No consolidated financial statements dealing with the state of affairs and profit and loss of the Company and its subsidiary have been prepared as required under Section 379(2) of the Hong Kong Companies Ordinance and Section 19.2(b) of SME-FRS. The directors consider that consolidation of the financial statements of the subsidiaries would involve expenses or delay out of proportion to the value to members of the Company. Instead, financial statements of the subsidiary are to be presented to the shareholders at the annual general meeting and the consolidation will be done in the immediate holding company level.

c. Subsidiary

Subsidiary is the entity over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

In the Company's statement of financial position the investment in a subsidiary is stated at cost less provision for impairment losses. The result of subsidiary is accounted by the Company on the basis of dividend received and receivable.

d. Associated Companies

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Company has a long term interest of generally not less than 20% and not more than 50% of the equity voting rights and over which it is in a position to exercise significant influence in its financial and operating policy decisions.

In accordance with exemption from using equity method stated in paragraph 17 of Hong Kong Accounting Standard 28 "Investments in Associates", the Company's investment in associates is not accounted for using equity method. In these financial statements, investment in associates are stated at cost less aggregate identified impairment loss, if any.

Returns in investments in associates, if any, are recognised in the statement of profit or loss and other comprehensive income when such returns are declared by associates.

e. Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to statement of profit or loss and other comprehensive income on a straight-line basis over the assets' estimated useful lives when the intangible assets is available for use.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Impairment of Assets

An assessment is made at the end of each reporting period to determine whether there is any indication of impairment or reversal of previous impairment, including items of intangible assets and long-term investments. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

h. Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Company and when the revenue can be measured reliably, on the bases as follows:

- Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at rate applicable.
- Other income is recognised on a receipt basis.

i. Taxation

Income tax expenses represent current tax expenses. The income tax payable/(recoverable) represents the amounts expected to be paid to/(refunded from) the taxation authority, using the tax rates (and tax laws) have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is not provided.

j. Translation of Foreign Currency

The reporting currency of the Company is United States Dollars (USD), which is the currency of the primary economic environment in which the Company operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into USD using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

k. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partners; and
(iii) dependants of that person or that person's spouse or domestic partner.

DIGITAL INTERNET TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3. OTHER INCOME AND GAIN

	2021	2020
	USD	USD
Bank interest income	-	18
Sundry income	2,586	6,074
	2,586	6,092

4. LOSS BEFORE TAXATION

	2021	2020
	USD	USD
Loss before taxation is stated after charging:		
Auditors' remuneration	1,285	1,277
Exchange losses, net	12	25

5. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year. (2020: Nil).

6. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company made no assessable profits for the year.

DIGITAL INTERNET TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN A SUBSIDIARY

	2021	2020
	USD	USD
Unlisted shares, at cost	947,365	947,365

Details of subsidiary are as follows:

Name of subsidiary	Place of incorporation	Percentage of Ownership and voting power		Nature of business
		2021	2020	
Digital Ecom Techno Private Limited	India	100%	100%	Designing, promotion and launch of home furnishing rental web portal

The above company is not audited by Louis Lai & Luk CPA Limited.

8. INVESTMENT IN AN ASSOCIATE

	2021	2020
	USD	USD
Unlisted shares, at cost	90,246	90,246
Less: Impairment loss	(90,246)	(90,246)
	-	-

Details of the associate are as follows:

Name of associate	Place of incorporation	Effective interest held by the Company		Nature of business
		Directly	Indirectly	
Urban Joy E Service Private Limited	India	22.5%	-	Designing, promotion and launch of home furnishing rental web portal

9. INTANGIBLE ASSET DEVELOPMENT

	Trademark
Cost	USD
At 31/3/2020 and 31/3/2021	390,421
Accumulated Amortisation	
At 31/3/2020	81,338
Charge for the year	39,042
At 31/3/2021	81,338
Net Carrying Amount	
At 31/3/2021	270,041
At 31/3/2020	309,083

10. AMOUNTS DUE FROM FORMER IMMEDIATE HOLDING COMPANY/RELATED COMPANIES/A SUBSIDIARY

Amounts due from former immediate holding company/related companies/a subsidiary disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622) are as follows:

	Outstanding principal		
Name of borrower	At beginning of year	At end of year	Maxium outstanding
	USD	USD	USD
Redwood Internet Ventures Limited [1]	60,302	60,302	60,302
Norwest Industries Limited [1]	40,300	24,400	40,300
Digital Ecom Techno Pvt Limited [2]	-	15,000	15,000

[1] Related companies, connected with Pallak SETH and Deepak Kumar SETH
[2] Fellow subsidiary, connected with Pallak SETH and Deepak Kumar SETH

Principal terms: The amounts due from former immediate holding company/a fellow subsidiary/related companies are unsecured, interest free and has no fixed repayment terms.

DIGITAL INTERNET TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. AMOUNTS DUE TO RELATED COMPANIES/FELLOW SUBSIDIARIES/A SUBSIDIARY/A DIRECTOR

The amount due to fellow subsidiaries/a subsidiary/a director are unsecured, interest-free and have no fixed terms of repayment.

12. SHARE CAPITAL

	2021	2020
	USD	USD
Issued and fully paid:		
10,000 ordinary shares	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. CHANGES IN EQUITY

	Share Capital	Accumulated losses	Total
	USD	USD	USD
At April 1, 2020	10,000	(388,064)	(378,064)
Loss for the year	-	(40,335)	(40,335)
At March 31, 2021	10,000	(428,399)	(418,399)

14. RELATED PARTY TRANSACTION

During normal course of business, the Company had the following material transactions with its related parties:

Name of Company	Relationship	Nature of transaction	2021	2020
			USD	USD
PDS Asia Star Corporation Limited	A related company	Management fee	-	6,000
Digital Ecom Techno Private Limited	A subsidiary	Consulting fee	-	134,983

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on September 7, 2021.

Report of the Directors and Audited Financial Statements

FAREAST VOGUE LIMITED

31 March 2021

Building a better
working world

FAREAST VOGUE LIMITED

CONTENTS

FAREAST VOGUE LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the Company for the year ended 31 March 2021 is the trading of garments. There were no significant changes in the nature of the Company's principal activities during the year.

Results and dividends

The Company's profit for the year ended 31 March 2021 and its financial position as at that date are set out in the financial statements on pages 5 to 34.

The directors of the Company do not recommend the payment of a final dividend in respect of the year.

Directors

The directors of the Company during the year were:

Ajai Singh
Deepak Kumar Seth
Pallak Seth
Amandeep Kumar Bagga
Sukhlina Minhas

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retires and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....

Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Fareast Vogue Limited (the "Company") set out on pages 5 to 34 which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY 安永

Independent auditor's report (continued)
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Fareast Vogue Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

FAREAST VOGUE LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	5	5,167,908	43,805,747
Cost of sales		(4,494,990)	(39,749,556)
Gross profit		672,918	4,056,191
Other income and gains	5	18,381,144	3,486,909
Selling and distribution expenses		(23,022)	(312,492)
Administrative expenses		(4,979,925)	(5,583,241)
Other operating expenses		(34,229)	(15,324)
Finance costs	7	(9,898)	(15,827)
PROFIT BEFORE TAX	6	14,006,988	1,616,216
Income tax expense	9	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		14,006,988	1,616,216

FAREAST VOGUE LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	15,213	8,583
Right-of-use asset	12(a)	227,503	505,087
Deposit	14	-	84,983
Total non-current assets		242,716	598,653
CURRENT ASSETS			
Trade receivables	13	-	443,228
Prepayments and deposits	14	828,232	258,666
Due from fellow subsidiaries	17(b)	2,258,534	1,129,782
Cash and cash equivalents		3,139,899	1,922,304
Total current assets		6,226,665	3,753,980
CURRENT LIABILITIES			
Trade payables		-	347,888
Other payables and accruals	15	981,220	769,667
Due to an intermediate holding company	17(b)	-	8
Due to the immediate holding company	17(b)	45,262	5,796,443
Due to fellow subsidiaries	17(b)	46,680	109,461
Lease liability	12(b)	92,598	137,259
Total current liabilities		1,165,760	7,160,726
NET CURRENT ASSETS/(LIABILITIES)		5,060,905	(3,406,746)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,303,621	(2,808,093)
NON-CURRENT LIABILITY			
Lease liability	12(b)	-	260,103
Net assets/(liabilities)		5,303,621	(3,068,196)

continued/...

FAREAST VOGUE LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	16	77,800	77,800
Reserves		5,225,821	(3,145,996)
Total equity/(deficiency in assets)		5,303,621	(3,068,196)

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

FAREAST VOGUE LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Note	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity/ (net deficiency in assets) HK$
At 1 April 2019		77,800	(4,762,212)	(4,684,412)
Profit and total comprehensive income for the year		-	1,616,216	1,616,216
At 31 March 2020 and 1 April 2020		77,800	(3,145,996)	(3,068,196)
Profit and total comprehensive income for the year		-	14,006,988	14,006,988
Final 2020 dividend	10	-	(5,635,171)	(5,635,171)
At 31 March 2021		77,800	5,225,821	5,303,621

FAREAST VOGUE LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		14,006,988	1,616,216
Adjustments for:			
Finance cost	7	9,898	15,827
Interest income		(62)	(1,047)
Depreciation of property, plant and equipment	6	5,231	7,730
Depreciation of right-of-use asset	6	277,584	-
Reversal of impairment of trade receivables	6	(3,874)	(7,631)
Gain on disposal of a joint venture		-	(9,516)
		14,295,765	1,621,579
Decrease in trade receivables		447,102	1,824,783
Decrease/(increase) in prepayments and deposits		(484,583)	64,284
Changes in balances with fellow subsidiaries		(1,191,533)	(1,110,838)
Decrease in trade payables		(347,888)	(386,415)
Increase in other payables and accruals		211,553	564,834
Increase/(decrease) in an amount due to the immediate holding company		(5,751,181)	240,094
Increase/(decrease) in an amount due to an intermediate holding company		(8)	8
Decrease in an amount due to a related company		-	(194,500)
Decrease in an amount due to a joint venture		-	(355,362)
Cash generated from operations		7,179,227	2,268,467
Interest paid		-	(15,827)
Interest received		62	1,047
Net cash flows from operating activities		7,179,289	2,253,687
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(11,861)	(11,024)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		-	(241,032)
Dividend paid		(5,635,171)	-
Principal portion of lease payments		(304,764)	(107,725)
Interest element of lease liability		(9,898)	-
Net cash flows used in financing activities		(5,949,833)	(348,757)

continued/...

FAREAST VOGUE LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2021

	2021 HK$	2020 HK$
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,217,595	1,893,906
Cash and cash equivalents at beginning of year	1,922,304	28,398
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,139,899	1,922,304
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	3,139,899	1,922,304

1. CORPORATE INFORMATION

Fareast Vogue Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company was 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs excepts for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Subsequent measurement of financial liabilities at amortised cost (continued)
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Marketing fee and commission income are recognised over time when the services are rendered.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

4. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 13 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	5,167,908	43,805,747

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of home and garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2021 HK$	2020 HK$
Other income and gains		
Recovery from suppliers	46,878	1,182,314
Marketing fee income	741,030	1,035,647
Commission income	17,593,174	1,089,309
Gain on disposal of a joint venture	-	9,516
Others	62	170,123
	18,381,144	3,486,909

6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Auditor's remuneration		22,000	13,360
Depreciation of property, plant and equipment	11	5,231	7,730
Depreciation of right-of-use asset	12	277,584	-
Gain on disposal of a joint venture		-	(9,516)
Employee benefit expense (excluding directors' remuneration (note 8)):			
Salaries and allowances		1,061,575	927,798
Pension costs		107,949	151,635
		1,169,524	1,079,433
Lease payments not included in the measurement of lease liability		-	36,493
Reversal of impairment of trade receivables	13	(3,874)	(7,631)
Foreign exchange differences, net		10,671	7,344

7. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank overdraft	-	15,827
Interest on lease liability	9,898	-
	9,898	15,827

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 HK$	2020 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	373,440	933,600
	373,440	933,600

9. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

A reconciliation of the tax charge applicable to profit before tax using the Hong Kong statutory rate of 16.5% to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit before tax	14,006,988	1,616,216
Tax expense at the statutory tax rate	2,311,153	266,676
Income not taxable for tax	(3,143,920)	(1,244,612)
Expenses not deductible for tax	832,767	977,936
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

10. DIVIDENDS

	2021 HK$	2020 HK$
Final - Nil (2020: US$72.43) per ordinary share	-	5,635,171

11. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 31 March 2020 and 1 April 2020:	
Cost	32,349
Accumulated depreciation	(23,766)
Net carrying amount	8,583
At 1 April 2020, net of accumulated depreciation	8,583
Additions	11,861
Depreciation provided during the year	(5,231)
At 31 March 2021, net of accumulated depreciation	15,213
At 31 March 2021:	
Cost	22,893
Accumulated depreciation	(7,680)
Net carrying amount	15,213
At 1 April 2019:	
Cost	21,325
Accumulated depreciation	(16,036)
Net carrying amount	5,289
At 1 April 2019, net of accumulated depreciation	5,289
Additions	11,024
Depreciation provided during the year	(7,730)
At 31 March 2020, net of accumulated depreciation	8,583
At 31 March 2020:	
Cost	32,349
Accumulated depreciation	(23,766)
Net carrying amount	8,583

12. LEASES

The Company as a lessee
The Company has a lease contract for an office premise which has lease term of 2 years.

(a) Right-of-use asset

The carrying amount of the Company's right-of-use asset and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2019	-
New lease	505,087
As at 31 March 2020 and 1 April 2020	505,087
Depreciation charge	(277,584)
As at 31 March 2021	227,503

(b) Lease liability

The carrying amount of lease liability and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount at the beginning of the year	397,362	-
New lease	-	505,087
Payment	(314,662)	(107,725)
Accretion of interest recognised during the year	9,898	-
Carrying amount at the end of the year	92,598	397,362
Analysed into:		
Current portion	92,598	137,259
Non-current portion	-	260,103

The maturity analysis of lease liability is disclosed in note 20 to the financial statements.

12. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$	2020 HK$
Interest on lease liability	9,898	-
Depreciation charge of right-of-use asset	277,584	-
Expense relating to short-term leases with remaining lease terms ended on or before 31 March 2020	-	138,408
Total amount recognised in profit or loss	287,482	138,408

13. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	-	447,102
Less: Impairment	-	(3,874)
	-	443,228

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest bearing and are on credit terms of up to 90 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Company's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	3,874	11,505
Reversal of impairment losses (note 6)	(3,874)	(7,631)
At end of year	-	3,874

13. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables as at 31 March 2020 using a provision matrix:

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.87%	-	-	-	0.87%
Gross carrying amount (HK$)	447,102	-	-	-	447,102
Expected credit losses (HK$)	3,874	-	-	-	3,874

14. PREPAYMENTS AND DEPOSITS

	2021 HK$	2020 HK$
Prepayments	783,281	255,208
Deposits	44,951	88,441
	828,232	343,649
Less: Portion classified as non-current assets	-	(84,983)
	828,232	258,666

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2021 and 2020, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	Notes	2021 HK$	2020 HK$
Other payables	(a)	935,857	303,289
Contract liabilities	(b)	23,363	444,378
Accruals		22,000	22,000
		981,220	769,667

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months.

(b) Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities was mainly due to the decrease in short-term advances received from customers in relation to the future sales of garment at the end of the year.

16. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	77,800	77,800

17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Intermediate holding company:		
Management fees paid	24,179	234,590
SAP expense paid	-	31,120
Immediate holding company:		
Commissions received	741,030	1,035,657
Recharge expenses paid	2,166,124	-
Fellow subsidiaries:		
Recharge expenses paid	208,877	-
SAP expense paid	31,120	-
Commissions received	9,692,041	1,616,879
Consulting fee paid	680,500	560,160

(b) The balances with the immediate holding company, intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year ended 31 March 2020, the Company had non-cash additions to right-of-use asset and lease liability of HK$505,087 and HK$505,087, respectively, in respect of a lease arrangement for an office premise.

(b) Changes in liabilities arising from financing activities

	Lease liability HK$
At 1 April 2019	-
New lease	505,087
Changes from financing cash flows, net	(107,725)
At 31 March 2020 and 1 April 2020	397,362
Changes from financing cash flows, net	(314,662)
Interest expense	9,898
At 31 March 2021	92,598

19. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposits, amounts due from fellow subsidiaries, and cash and cash equivalent, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals, current portion of lease liability, and amounts due to the immediate holding company, an intermediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$957,857 (2020: HK$325,289). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, current portion of deposits, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, current portion of lease liability, interest-bearing bank borrowings, amounts with the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The fair values of the non-current portion of deposits and lease liability have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Company's own non-performance risk for lease liability as at 31 March 2020 were assessed to be insignificant.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Financial assets included in prepayments and deposits					
- Normal**	44,951	-	-	-	44,951
Due from fellow subsidiaries					
- Normal**	2,258,534	-	-	-	2,258,534
Cash and cash equivalents					
- Not yet past due	3,139,899	-	-	-	3,139,899
	5,443,384	-	-	-	5,443,384

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	447,102	447,102
Financial assets included in prepayments and deposits					
- Normal**	88,441	-	-	-	88,441
Due from fellow subsidiaries					
- Normal**	1,129,782	-	-	-	1,129,782
Cash and cash equivalents					
- Not yet past due	1,922,304	-	-	-	1,922,304
	3,140,527	-	-	447,102	3,587,629

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 13 to the financial statements.

** The credit quality of the financial assets included in prepayments and deposits and amounts due from fellow subsidiaries are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or are repayable within 1 years.

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liability	97,228	-	97,228
Financial liabilities included in other payables and accruals	957,857	-	957,857
Due to the immediate holding company	45,262	-	45,262
Due to fellow subsidiaries	46,680	-	46,680
	1,147,027	-	1,147,027

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)
As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liability	151,478	265,849	417,327
Trade payables	347,888	-	347,888
Financial liabilities included in other payables and accruals	325,289	-	325,289
Due to the intermediate holding company	8	-	8
Due to the immediate holding company	5,796,443	-	5,796,443
Due to fellow subsidiaries	109,461	-	109,461
	6,730,567	265,849	6,996,416

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

22. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

ROHIT KCJAIN & CO
Chartered Accountants

2020-21

STATUTORY AUDIT

TECHNO DESIGN GMBH

Contents

INDEPENDENT AUDITOR'S REPORT

To the Members of Techno Design Gmbh

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of M/s **Techno Design Gmbh** ("the Company"), which comprise the Balance Sheet as at 31st March 2021 , the Statement of Profit and Loss , Statement of Change in Equity and the Statement of Cash Flows for the year then ended, and Notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the *Profit* and cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Rohit K.C Jain & Co.
FR No. 020422N
Chartered Accountants

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with [supervisory board], but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified.

Information Other than the Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but 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 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 during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

Management's Responsibility for the Financial Statements

6. The Company's Board of Directors is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation

FR No. 020422N
Chartered Accountants

and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. 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.

8. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. 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 Standards on Auditing 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.

10. As part of an audit in accordance with Standards on Auditing, 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 control.

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

Rohit K C Jain & Co. Chartered Accountants FR No. 020422N

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicated 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.

12. 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.

13. 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.

Report on Other Legal and Regulatory Requirements

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

Rohit K Jain & Co. Chartered Accountants FRN No. 020422N

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

(e) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

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For M/S. Rohit KC Jain & CO,
CHARTERED ACCOUNTANTS
(FRN : 020422N)

Rohit K C Jain & Co. FR No. 020422N Chartered Accountants

RITESH WAHAL
(PARTNER)
M. No. 517197
Place : New Delhi.
Dated : May 20th, 2021
UDIN: 21517197AAAAID2955

Techno Design GMBH
Balance Sheet as at March 31, 2021

(All amounts in Euro, unless otherwise stated)

Particulars	Note no.	As at March 31, 2021	As at March 31, 2020
Assets			
I. **Non-current assets**			
(a) Property, plant and equipment	2.1	5,05,878	70,028
(b) Other intangible assets	2.2	1,792	3,225
(i) Investments		-	-
(ii) Other financial assets		-	-
(c) Deferred tax assets (net)	3	51,698	-
(d) Non-current tax assets (net)		-	-
(e) Other non-current assets	4	1,10,407	91,376
Total non-current assets		6,69,775	1,64,629
Current assets			
(a) Financial assets			
(i) Inventories	5	2,96,713	88,633
(i) Trade receivables	6	32,85,198	30,12,450
(ii) Cash and cash equivalents	7	10,69,754	6,13,922
(b) Other current assets	8	1,87,950	1,38,053
Total current assets		48,39,615	38,53,057
Total assets		55,09,390	40,17,686
II. **Equity and liabilities**			
Equity			
(a) Equity share capital	9	1,00,000	1,00,000
(b) Other equity	10	2,44,306	(81,138)
Total equity		3,44,306	18,862
Liabilities			
Non-current liabilities			
(a) Financial liabilities	11.1	3,15,799	
Total non-current liabilities		3,15,799	-
Current liabilities			
(a) Financial liabilities			
- Trade Payables	12	11,26,418	21,18,059
(iii) Other financial liabilities	11.2	30,27,353	17,36,091
(b) Other current liabilities	13	1,96,699	79,265
(c) Provisions	14	4,98,814	65,408
Current Tax Liabilities (Net)		-	-
Total current liabilities		48,49,285	39,98,824
Total equity and liabilities		55,09,390	40,17,686

Summary of significant accounting policies and explanatory information thereon
The accompanying notes form an integral part of these standalone financial statements
As per our report of even date attached
For Rohit KC Jain & Co
Chartered Accountants
Firm's Registration Number: 020422N

For and on behalf of Board of Directors of Techno Design Gmbh

Rohit K C Jain & Co
FR No. 020422N
Chartered Accountants

Ritesh Wahal
Partner
Membership Number: 517197

Pallak Seth
Director

Rajive Ranjan
Managing Director

Ajai Singh
Director

Delhi
May 20, 2021

Techno Design GMBH
Statement of Profit and Loss for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Particulars	Note no.	Year ended March 31, 2021	Year ended March 31, 2020
I Revenue from operations	15	1,88,80,312	1,76,37,519
II Other income	16	3,72,833	5,49,181
III Total income (I+II)		1,92,53,145	1,81,86,700
IV Expenses			
(a) Cost of Goods Sold	17	1,63,41,969	1,59,38,760
(b) Employee benefits expense	18	11,01,050	6,97,027
(c) Finance costs	19	8,282	-
(d) Depreciation and amortization expense	20	1,24,565	46,686
(e) Other expenses	21	11,27,004	11,25,200
Total expenses		1,87,02,870	1,78,07,673
V Profit before tax (III-IV)		5,50,275	3,79,027
VII Profit before tax (V-VI)		5,50,275	3,79,027
VI Tax expense:			
(a) Current tax	23	2,03,941	45,508
(b) Deferred tax charge	23	(51,698)	
Total tax expense		1,52,243	45,508
VII Profit for the year (V-VI)		3,98,032	3,33,519
VIII Other comprehensive income			
Other comprehensive (loss) for the year, net of tax		-	-
IX Total comprehensive income for the year (VII + VIII)		3,98,032	3,33,519
X Earnings per share: (face value of Euro 1 per share)			
1) Basic (amount in Euro)	22	3.98	3.34
2) Diluted (amount in Euro)	22	3.98	3.34
Summary of significant accounting policies and explanatory informatic	3		

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

As per our report of even date attached
For Rohit KC Jain & Co
Chartered Accountants
Firm's Registration Number: 020422N

Ritesh Wahal
Partner
Membership Number: 517197

Rohit K.C Jain & Co. FR No. 020422N Chartered Accountants

Delhi
May 20, 2021

For and on behalf of Board of Directors of Techno Design Gmbh

Pallak Seth
Director

Rajive Ranjan
Managing Director

Ajai Singh
Director

Note 1.1: Corporate information

Techno Design GmbH has its registered office in Willich and is registered with the Krefeld Local Court under the registration number HRB 14782.
These annual financial statements have been prepared in accordance with §§ 242 et seq. and §§ 264 et seq. HGB and in accordance with the the relevant provisions of the German Limited Liability Companies Act (GmbHG). The regulations for small for small corporations pursuant to § 267 HGB apply.
The company has made use of the size-dependent the preparation of the notes to the financial statements in accordance with §§ 276, 288, 274a HGB.

Note 1.2: Statement of compliance

The Standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as amended and other relevant provisions..
The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

Basis of preparation and presentation
The standalone financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in Euro .

Going concern
The Board of Directors have considered the financial position of the Company at March 31, 2020 and the projected cash flows and financial performance of the Company for at least twelve months from the date of standalone financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.
The Board of Directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

Note 1.3: Significant accounting policies

a) Significant accounting judgements, estimates and assumptions

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these standalone financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Judgements:
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the standalone financial statements:

Useful lives of property, plant and equipment
The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Estimates and Assumptions:
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Estimates and underlying assumptions are reviewed at each balance sheet date. Such changes are reflected in the assumptions when they occur.

i) Income taxes
The Company is subject to income tax laws as applicable in Germany. Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

ii) Contingencies
Contingent Liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and other claims. By virtue of their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgements and the use of estimates regarding the outcome of future events.

iii) Recoverability of deferred taxes
In assessing the recoverability of deferred tax assets, management considers whether it is probable that taxable profit will be available against which the losses can be utilised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the projected future taxable income and tax planning strategies in making this assessment.

iv) Impairment of long lived assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. The Company assesses impairment of long lived assets which are recorded at cost. At the time when there are any indications that such assets have suffered a loss, if any, is recognised in the Statement of Profit and Loss.

b) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on a current/ non-current classification.
Assets:
An asset is treated as current when it is:
i) Expected to be realised or intended to be sold or consumed in normal operating cycle.
ii) Held primarily for the purpose of trading
iii) Expected to be realised within twelve months after the reporting period, or
iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

Liabilities:

A liability is current when:

i) It is expected to be settled in normal operating cycle

ii) It is held primarily for the purpose of trading

iii) It is due to be settled within twelve months after the reporting period, or

iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) **Property, plant and equipment (PPE) and Investment property**

Property, plant and equipment, capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition 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 and loss within other income or expense (as applicable).

Subsequent Costs: The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item of property, plant and equipment, if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably with the carrying amount of the replaced part getting derecognised. The cost for day-to-day servicing of property, plant and equipment are recognised in statement of profit and loss as and when incurred.

Decommissioning Costs : The present value of expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work in progress: Capital work in progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

Depreciation: Depreciation on PPE, except leasehold improvements, is provided on straight-line method over the useful lives of assets.. Depreciation for assets purchased / sold during a period is proportionately charged to Statement of Profit and Loss. Leasehold improvements are amortised over the lease term or the remaining useful life of the assets whichever is lower.

d) **Intangible assets**

Recognition and measurement

Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation: Intangible assets, with infinite lives, are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. In case of the trade mark capitalised, the Company is amortizing it over period of 5 years from the date of capitalisation. Specialized softwares are amortized over a period of 5 years or license period whichever is earlier.

e) **Borrowing costs**

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

f) **Foreign currency transaction**

Functional and presentation currency

The Company's standalone financial statements are presented in Euro which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in Euro except where otherwise stated.

Initial recognition

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Measurement at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost are not retranslated.

g) **Revenue recognition**

Income from corporate and sourcing support services rendered to group companies are recognized as the services are rendered based on a cost plus mark-up in accordance with the terms of respective arrangements.

'Unbilled revenue' included in other financial assets represent revenue in excess of billings as of the Balance Sheet date. 'Unearned revenues' included in financial liabilities represent billing in excess of revenue recognized.

Revenue from sale of goods is recognised when a customer obtains control of the goods which is ordinarily upon delivery at the customer premises. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. Further, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity.

Other Income

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

ii) Any Other Income is recognized on an accrual basis.

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h) Leases

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The

Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is 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 recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

i) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of;

i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;

ii) a present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are neither recognised nor disclosed. However,when realisation of income is virtually certain, related asset is recognised.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date and adjusted where necessary to reflect the current best estimate of obligation or asset.

j) Financial instruments

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

k) Taxes on income

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets are offset against current tax liabilities if, and only if, a legally enforceable right exists to set off the recognised amounts and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

l) **Cash and cash equivalents**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) **Earnings per share (EPS)**

In determining earnings per share, the Company considers the net profit after tax and includes the post tax effect of any extra ordinary items.

i) Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

ii) For the purpose of calculating Diluted Earning per share, the number of shares comprises of weighted average shares considered for deriving basic earning per share and also the weighted average number of equity share which could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. A transaction is considered to be antidilutive if its effect is to increase the amount of EPS, either by lowering the share count or increasing the earnings.

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 2 : Property, plant and equipment

Particulars	Leasehold improvement	Right to use	Low value assets	Operating & Office equipment	Office fitting	Other operating & office equipment	Total
Gross carrying value (Deemed cost)							
Balance as at March 31, 2020	**12,623**		**38,700**	-	**58,065**	**24,830**	**1,34,217**
Add: Additions during the year	-		4,735	11,631	11,697	1,852	29,916
Less: Disposals/adjustments during the year	-		-	-	11	101	112
Balance as at March 31, 2021	**12,623**	**5,29,178**	**43,435**	**11,631**	**69,751**	**26,581**	**1,64,021**
Accumulated depreciation							
Balance as at March 31, 2020	**1,474**		**38,700**	-	**18,361**	**5,655**	**64,189**
Add: Depreciation charge for the year	2,525	99,148	4,735	1,725	11,637	3,361	1,23,132
Less: Disposals/adjustments during the year							-
Balance as at March 31, 2021	**3,999**	**99,148**	**43,435**	**1,725**	**29,998**	**9,016**	**1,87,321**
Net carrying amount							
As at March 31, 2021	8,624	4,30,030	-	9,906	39,753	17,565	5,05,878
As at March 31, 2020	11,149		-	-	39,704	19,175	70,028

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 2.2 : Other intangible assets

Particulars	Computer Software	Total
Gross carrying amount		
Balance as at March 31, 2020	4,300	4,300
Add: Additions during the year	-	-
Less: Disposals / adjustments during the year	-	-
Balance as at March 31, 2021	4,300	4,300
Amortisation		
Add: Amortisation charge for the year	1,075	1,075
Less: Disposals/adjustments during the year		-
Balance as at March 31, 2020	1,075	1,075
Add: Amortisation charge for the year	1,433	1,433
Less: Disposals / adjustments during the year		-
Balance as at March 31, 2021	2,508	2,508
Net carrying value		
Balance as at March 31, 2021	1,792	1,792
Balance as at March 31, 2020	3,225	3,225

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Notes to standalone financial statements for the year ended March 31, 2021
(All amounts in Euro, unless otherwise stated)

Note 3 : Defered Tax

Particulars		Amount
Profit under commercial law 2020/2021as per german GAAP:	A	2,77,858
Tax result 2020/2021:	B	4,49,224
Amount (A-B)		1,71,366
Derivation:		
EWB:		1,15,180
unrealized exchange rate differences:		10,386
RST patent infringement StreetOne		40,000
non-deductible BA:		5,801
		0
Creation of deferred tax assets based on		1,65,565
KSt	15%	24,835
SolZ	5.50%	1,366
Trade tax	15.40%	25,497
		51,698

Note :- Defered tax for the Financial year 2020-21 , it is calculated by the Tax experts in the germany for which they have provided their calculation and the certificate.

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 4 : Other assets - Non - Current	As at March 31, 2021	As at March 31, 2020
Loans recieveable from Related Party (Refer Note 27)	94,124	91,376
Security Deposit	15,793	
Prepaid Lease Asset	491	
Total (A)	1,10,407	91,376

Note 5 : Inventories	As at March 31, 2021	As at March 31, 2020
Finished Goods / merch. (inventories) Metro (A)	1,67,902	88,633
Goods in transit - Metro (B)	23,890	-
Goods pre sold - Metro (C)	1,04,921	-
Total (A+B+C)	2,96,713	88,633

Note :- Inventory valued and verified by the Management.

Note 6 : Trade receivables	As at March 31, 2021	As at March 31, 2020
Receivable from Others	32,51,795	30,06,609
Trade receivables	29,303	5,841
Valuation adjustmt, trade receivables	4,100	-
Doubtful receivables	-	-
Total	32,85,198	30,12,450

a) Trade Recieveables are shown after netting off the amount written off during the year.

Note 7 : Cash and cash equivalents	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
Sparkasse Krefeld EUR	10,120	5,91,601
Sparkasse Krefeld USD	26,063	21,025
National-Bank 676543 EUR	2,38,348	1,242
National-Bank 684759 Deposit account	2,60,000	-
National-Bank 676578 USD	5,34,347	-
Cash on hand	876	54
Total	10,69,754	6,13,922

Note 8 : Other assets - Current	As at March 31, 2021	As at March 31, 2020
Other assets due within 1 year	861	-
Prepaid Expense	22,971	7,281
Lease Prepaid Assets	327	
Receviables employees due w/in 1 year	-	67
Rec. GmbH shareholders due w/in 1 year	-	19,213
Receivables from employees (payroll)	-	4,235
Security deposits	825	23,556
Advance paid to Supplier	3,025	78,965
Total (B)	1,87,950	1,38,053

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 9 : Share capital	As at March 31, 2021	As at March 31, 2020
Authorised		
1,00,000 (March 31, 2020: 1,00,000) equity shares of Euro 1 each*	1,00,000	1,00,000
	1,00,000	**1,00,000**
Issued, subscribed and paid up		
1,00,000 (March 31, 2020: 1,00,000) equity shares of Euro 1 each*	1,00,000	1,00,000
Total	**1,00,000**	**1,00,000**

a) Reconciliation of issued and subscribed share capital:

	No. of shares*	Amount
Balance as at April 1, 2020	1,00,000	1,00,000
Changes during the year	-	-
Balance as at March 31, 2020	1,00,000	1,00,000
Changes during the year	-	-
Balance as at March 31, 2021	1,00,000	1,00,000

c) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021		As at March 31, 2020	
	No. of shares*	Holding %	No. of shares*	Holding %
Multinational Textile Group Limited	55,000	55	55,000	55
Design Pod Limited	45,000	45	45,000	45

Note 10 : Other equity	As at March 31, 2021	As at March 31, 2020
Surplus in the Statement of Profit and Loss	(81,138)	(4,14,657)
Add : Profit for the year	3,98,032	3,33,519
Prior Period Adjusment		
Prior Period Income	31,357	
Prior Period expenses	(1,03,945)	
Balance as at the end of the year	**2,44,306**	**(81,138)**

Note : For details, refer 'the Statement of Changes in Equity'

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Note 11 : Other financial liabilities	As at March 31, 2021	As at March 31, 2020
Note 11.1		
Non-current		
Lease liability	3,15,799	-
Total (A)	**3,15,799**	**-**
Note 11.2		
Current		
Lease liability	1,18,335	
Dues to related party (refer note 27)	29,09,017	17,36,091
Total (B)	**30,27,353**	**17,36,091**
Total (A+B)	**33,43,152**	**17,36,091**

Note 12 : Trade payables	As at March 31, 2021	As at March 31, 2020
- Amount due to Suppliers	10,46,821	20,38,462
- Amount due to Related Party (Refer Note 27)	79,597	79,597
	11,26,418	**21,18,059**

Note 13 : Other liabilities	As at March 31, 2021	As at March 31, 2020
Current		
Deferred income	9,209	-
Statutory dues	1,00,833	61,558
Other Payable	86,658	17,707
	-	-
Total	**1,96,699**	**79,265**

Note 14 : Provisions	As at March 31, 2021	As at March 31, 2020
Current		
Provision for trade tax, EStG s. 4(5b)	1,23,001	22,424
Provisions for corporate income tax	1,26,448	23,084
Other provisions	1,61,669	7,200
Provisions for personnel expenses	72,419	-
Provsns period-end closing/ audit costs	15,277	10,000
Provsns for record retntn obligations	-	2,700
Total	**4,98,814**	**65,408**

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 15 : Revenue from operations	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products	1,81,13,648	1,66,46,534
Sale of services		
- Commission Income	7,66,664	9,90,986
Total	**1,88,80,312**	**1,76,37,519**

Note 16 : Other income	Year ended March 31, 2021	Year ended March 31, 2020
Interest income		
- On Loan given	8,224	2,619
Miscellaneous income (refer note 33)	3,64,609	5,46,562
Total	**3,72,833**	**5,49,181**

Note 17 : Cost of goods sold	Year ended March 31, 2021	Year ended March 31, 2020
Cost of Goods Sold	1,63,41,969	1,59,38,760
Total	**1,63,41,969**	**1,59,38,760**

Note 18 : Employee benefits expense	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	10,88,491	6,83,957
Staff welfare expenses	12,559	13,071
Total	**11,01,050**	**6,97,027**

Note 19 : Finance cost	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense		
- on lease obligation	8,282	-
Total	**8,282**	**-**

Note 20 : Depreciation and amortization expense	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property plant and equipment	1,23,132	45,611
Amortisation of Intangible Assets	1,433	1,075
Total	**1,24,565**	**46,686**

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 21 : Other expenses	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Rent	2,633	57,333
Insurance	17,294	14,196
Security expenses	-	-
Sampling and designing	70,133	48,734
Legal and professional	1,46,194	1,70,832
Postage and courier	36,291	1,60,334
Electricity charges	72	14,777
Commission and brokerage	72,213	26,237
Travelling and conveyance	61,080	1,64,199
Communication costs	38,121	50,304
Lease Expenses	327	
Printing and stationery	-	647
Bank Charges	63,532	1,00,239
Auditor's remuneration	24,851	16,089
Foreign exchange fluctuation	2,36,342	2,31,225
Miscellaneous expenses	3,57,922	70,056
Total	11,27,004	11,25,200

Note 22 : Earnings per share (EPS)

Earning per share (EPS) is determined based on the net profit attributable to the shareholder before other comprehensive Income. Basic earnings per share is computed using the weighted average number of equity shares outstanding during the year whereas diluted earnings per share is computed using the weighted average number of common and dilutive equivalent shares except for the case where the result becomes anti- dilutive.

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Profit attributable to the equity holders	3,98,032	3,33,519
Weighted average number of equity shares for basic and diluted EPS	1,00,000	1,00,000
Basic and diluted earnings per share(in Euro) (face value Euro 1 per share)	**3.98**	**3.34**

Note 23: Income Tax

Income tax expense in the Statement of Profit and Loss

The major components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Statement of profit and loss:	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Tax expense:		
a) Current tax	2,03,941.00	45,508.00
c) Deferred tax charge/(credit)	(51,698.00)	-
Income tax expense reported in the Statement of Profit and Loss	1,52,243.00	45,508.00

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Note 24: Capital management

The Company's objective for managing capital is to ensure:
- ability to continue as a going concern, so that the Company can continue to provide returns to shareholders and benefits for other stakeholders, and
- maintain optimal capital structure to reduce the cost of capital.

The Company monitors capital structure using gearing ratio, which is calculated as under:

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings	-	-
Less: Cash and Cash Equivalents	(10,69,754)	(6,13,922)
Less: Bank balances other than cash and cash equivalents	-	-
Adjusted net debt (A)	**(10,69,754)**	**(6,13,922)**
Equity share capital (refer note 15)	1,00,000	1,00,000
Other equity (refer note 16)	2,44,306	(81,138)
Total capital (B)	**3,44,306**	**18,862**
Capital and net debt **(A+B)**	**(7,25,448)**	**(5,95,060)**
Gearing ratio (D = A/C)	**147.46%**	**103.17%**

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

b) For the purpose of capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

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Notes to standalone financial statements for the year ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Note 25 : Fair value disclosure

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments,carrying value of financial assets and financial liabilities including trade receivable, cash and cash equivalent, other bank balances, other financial assets, trade payables, borrowings, other financial liabilities etc. represent the best estimate of fair value.

The management assessed that fair value of these financial assets and liabilities significantly approximate their carrying amount

a) Fair value of financial assets:

	Carrying values		Fair values	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets measured at amortised cost				
Trade receivables	32,85,198	30,12,450	32,85,198	30,12,450
Cash and cash equivalents	10,69,754	6,13,922	10,69,754	6,13,922
Total (A)	**43,54,952**	**36,26,372**	**43,54,952**	**36,26,372**
Financial assets measured at FVTPL				
Investments	-	-	-	-
Total (B)	-	-	-	-
Total (A+B)	**43,54,952**	**36,26,372**	**43,54,952**	**36,26,372**

b) Fair value of financial liabilities:

	Carrying values		Fair values	
	As at March 31,	As at March 31,	As at March 31,	As at March 31,
Financial liabilities measured at amortised cost				
Trade payables	11,26,418	21,18,059	11,26,418	21,18,059
Dues to related party	29,09,017	17,36,091	29,09,017	17,36,091
Total	**40,35,436**	**38,54,151**	**40,35,436**	**38,54,151**

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(All amounts in Euro, unless otherwise stated)

Note 26: Revenue from contracts with customers

(i)Revenue information

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition:

Particulars	Timing of revenue recognition	Year ended March 31, 2021	Year ended March 31, 2020
Sale of services	At point in time	7,66,664	9,90,986
Sale of products	At point in time	1,81,13,648	1,66,46,534
Total		**1,88,80,312**	**1,76,37,519**

(ii) Contract balances

Assets and liabilities related to contracts with customers:

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	32,85,198	30,12,450

Trade receivables are non-interest bearing and are generally on terms of not more than 60 days. The Company has recognised Nil provision for expected credit loss on trade receivables during the year ended March 31, 2021 (March 31,

Contract assets primarily relate to the Company's right to consideration for work completed but not yet billed at reporting date for services rendered to customers. Contract assets are transferred to receivables when the rights

Contract liabilities primarily relate to the Company's obligation to transfer goods or services to customer for which the Company has invoiced the customer or received advances from the customer for rendering of services. Contract liabilities are recognised as revenue as the Company performs under the contract.

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Note 27 : Related party
a) List of related parties

Name of related party	Nature of relationship
PDS MultiFashion Limited	Ultimate Holding Company
Techno Design HK Limited	Fellow Subsidiary
Simple Approach Ltd	Fellow Subsidiary
Technocian Fashions Private Limited	Fellow Subsidiary
Spring Near East Manufacturing Co. Ltd.	Fellow Subsidiary
Fareast Vogue Limited	Fellow Subsidiary
Norwest Industries Limited	Fellow Subsidiary
Techno Lifestyle GmbH&Co.KG	Enterprise over which KMP exercise control and significant influence.
Rajive Ranjan Ajai Singh Pallak Seth	Key Managerial Personnel

b) Transactions with related parties

Name of related party	Relationship	Nature of transaction	Year ended March 31, 2021
Simple Approach Limted	Fellow Subsidiary	Sourcing Commission Expense	30,135
Techno Design HK Limited (Old Name: DPOD Manufacturing Limited)	Fellow Subsidiary	Sourcing / Advisory Support Fees	5,04,750
Spring Near East Manufacturing Co. Limited	Fellow Subsidiary	Sourcing Commission Expense	27,106
Fareast Vogue Limited	Fellow Subsidiary	Sourcing Commission Expense	6,42,120
Technocian Fashions Private Limited	Fellow Subsidiary	Sourcing & Support Services	12,77,299

c) Year end payable balances of related parties

Name of Related Party	Relationship	Nature of transaction	As at March 31, 2021	As at March 31, 2020
Techno Lifestyle GmbH&Co.KG	KMP Controlled enterprise	Accounts Payable	79,597	79,597
Simple Approach Limted	Fellow Subsidiary		25,960	3,60,785
Norwest Industries Limited	Fellow Subsidiary		88	1,21,269
Spring Near East Manufacturing Co. . Limited	Fellow Subsidiary		828	3,188
Techno Design HK Limited (Old Name: DPOD Manufacturing Limited)	Fellow Subsidiary		28,08,923	12,01,617
PDS Multinational	Ultimate Holding Company		-	23,016
Technocian Fashions Private Limited	Fellow Subsidiary		74,046	29,404

d) Year end receivable balances of related parties

Name of Related Party	Relationship	Nature of transaction	As at March 31, 2021	As at March 31, 2020
Techno Lifestyle GmbH&Co.KG	Enterprise over which KMP exercise control and significant	Loans	94,124	91,376
		Accounts receivable	1,54,208	1,54,209

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Note 28 : Leases

a) As a lessee
The Company has adopted Ind AS 116, 'Leases' effective April 01, 2019, using modified retrospective approach. The Company has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

As lessee

i) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Office Building	Electric Vehicle	Total
Recognised in the Books on 01.04.2021	3,87,902	1,41,276	**5,29,178**
Depreciation expenses	80,759	18,389	**99,148**
As at March 31, 2021	**3,07,143**	**1,22,887**	**4,30,030**

ii) Set out below are the carrying amounts of lease liabilities (included under other financial liabilities) and the movements during the period:

Particulars	Total
Opening Balance As percognised for the first time due to IndAS Ajustments	**5,29,178**
Addition during the year	8,282
Accretion of interest	1,03,326
Payment	-
Derecognition upon exercise of termination options	
As at March 31, 2021	**4,34,134**
Current	1,18,335
Non-current	3,15,799
	4,34,134

iii) The details of lease commitments in terms of minimum lease payments within the non-cancellable period

Particulars	Total
Payments falling due	**4,50,470**
Within 1 year	1,25,937
Later than one year but not later than five years	3,24,533
	4,50,470

Note :-
1. Accounting treatment for Leases is not done in the books according to German GAAP but it has been accounted while preparing the books as per INdAs for the purpose of Consolidation .
2. Treatment is made only for the current year on the basis of information recieved by the management.
3. Security Deposit given for leases is recognised in the current period as per INDas adjustment which have not been considered in as per German GAAP.

Note 29 : Commitments and Contingencies

(i) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable.

FRN No. 020422N Chartered Accountants

Note 30: No material events have occurred between the balance sheet date to the date of issue of these standalone financial statements that could affect the values stated in the standalone financial statements as at March 31, 2021.

Note 31: The previous year's figure have been regrouped/rearranged wherever necessary, to make them comparable to those of the current year.

Note 32: Covid 19
With the onset of COVID 19 since the beginning of the year 2020 which was declared to be a pandemic by World Health Organisation in March 2020, the Group's businesses across the globe was impacted with lockdown in most of the markets. Consequently, the Company's business was also impacted as the Company is engaged in providing corporate and support services to its group companies on a cost plus basis. The Company has assessed the impact of this pandemic on its standalone business operations and has considered relevant internal business projections and cash flows and external information available up to the date of approval of these standalone financial statements. The impact of this pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare the Company's standalone financial statements, which may differ from that considered as at the date of approval of these standalone financial statements. The Company will continue to closely monitor any material changes arising of future economic conditions and impact on its business and believes that it has sufficient funds to operate for the next 12 months.

Note 33 : These standalone financial statements of the Company for the year ended March 31, 2021 were approved by the Board of Directors and authorised for issue on May xx, 2021.

As per our report of even date attached

For Rohit KC Jain & Co
Chartered Accountants
Firm's Registration Number: 020422N

Ritesh Wahal
Partner
Membership Number: 517197

Rohit K C Jain & Co. FR No. 020422N Chartered Accountants

For and on behalf of Board of Directors of Techno Design

Pallak Seth
Director

Rajive Ranjan
Managing Director

Ajai Singh
Director

Delhi
May 20, 2021

Techno Design GMBH

Statement of changes in equity for the year ended March 31, 2020

(All amounts in Euro, unless otherwise stated)

	Amount
A. Equity share capital	
Balance as at March 31, 2019	1,00,000
Changes during the year	-
Balance as at March 31, 2020	1,00,000
Changes during the year	-
Balance as at March 31, 2021	1,00,000

B. Other equity	Reserve and surplus Retained earnings	Total Equity
Balance as at March 31, 2019	(4,14,657)	(4,14,657)
Profit for the year	3,33,519	3,33,519
Prior Period Income		-
Prior Period Expenses		-
Other comprehensive loss, net of income tax	-	-
Balance as at March 31, 2020	(81,138)	(81,138)
Profit for the year	3,98,032	3,98,032
Prior Period Income	31,357	31,357
Prior Period Expenses	(1,03,945)	(1,03,945)
Balance as at March 31, 2021	2,44,306	2,44,306

Summary of significant accounting policies and explanatory information thereon 3

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

As per our report of even date attached

For Rohit KC Jain & Co
Chartered Accountants
Firm's Registration Number: 020422N

Ritesh Wahal
Partner
Membership Number: 517197

Rohit KC Jain & Co. FR No. 020422N Chartered Accountants

For and on behalf of Board of Directors of Techno Design

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Pallak Seth
Director

Rajive Ranjan
Managing Director

Ajai Singh
Director

Delhi
May 20, 2021

Techno Design GMBH
Statement of Cash Flow for the period ended March 31, 2021

(All amounts in Euro, unless otherwise stated)

Particulars		Year ended March 31, 2021
Cash flows from operating activities		
Profit before tax		5,50,275.26
Adjustments for:		
Lease liability IndAs Adjustment		(4,34,134.27)
ROU Asset Recognised - INdAs adjustment		4,30,029.90
Leases expenses - IndAs adjustment		4,104.00
Prior Period Items (Net)		(72,588.51)
Operating profit before change in working capital		4,77,686.38
Movement in working capital:		
Change in trade payables and other current liabilities		(3,15,799.13)
Change in other non-current liabilities		9,91,641.00
Change in current liabilities - Trade Payables		(12,91,261.16)
Change in other current financial liabilities		(1,17,434.74)
Change in other current liabilities		(4,33,406.12)
Change in provisions		2,72,748.03
Change in trade receivables		
Change in non-current financial assets		2,08,080.19
Change in inventories		49,897.35
Change in other current assets		51,697.74
Change in Deferred Tax asset		
Change in other current financial assets		
Change in other non-current assets		19,031.63
Cash generated from operations		(87,118.83)
Direct tax (paid)/ refund received		(1,52,243.00)
Net cash inflow from operating activities	(A)	(2,39,361.83)
Cash flows from investing activities		
Purchase of property, plant and equipment, investment property and other intangible assets		4,34,416.90
Net cash outflow in investing activities	(B)	4,34,416.90
Cash flows from financing activities		
Net cash outflow from financing activities	(C)	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		1,95,055.06
Cash and cash equivalents at the beginning of the year (refer note 13)		6,13,922.09
Cash and cash equivalent at the end of the year (refer note 13)		8,08,977.15
Components of cash and cash equivalents		
Cash on hand		875.69
With banks - on current account and deposits with banks		10,68,878.21
Cash and cash equivalent at the end of the year (refer note 13)		10,69,753.90

Non cash disclosure

As per our report of even date attached

For Rohit KC Jain & Co
Chartered Accountants
Firm's Registration Number: 020422N

Ritesh Wahal
Partner
Membership Number: 517197

Rohit K.C. Jain & Co. FR No. 020422N Chartered Accountants

For and on behalf of Board of Directors of Techno Design

Pallak Seth
Director

Rajive Ranjan
Managing Director

Ajai Singh
Director

Delhi
May 20, 2021

ROHIT KCJAIN & CO
Chartered Accountants

H.O. : Suite No.11A-11B, 11th Floor, Atma Ram House 1,
Tolstoy Marg, Connaught Place, New Delhi 110001
Tel. : +91-11-49470000 (50 Lines)

Email : rohit@rohitkcjain.com

Branch Office: Dubai | Gurgaon | Vadodara | Jammu | Kenya | Gwalior

Reports and Financial Statements

Green Apparel Industries Limited

For the year ended 31 March 2021

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2021

The directors present their report and the audited financial statements of Green Apparel Industries Limited (the "Company") for the year ended 31 March 2021.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is garment trading. There were no significant changes in the nature of the Company's principal activities during the year.

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2021 and the financial position of the Company at that date are set out in the financial statements on pages 6 to 31.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Deepak Kumar SETH
Md Fateh-ul ISLAM
Pallak SETH

In accordance with Article 22 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in note 18 to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS

At no time during the year was the Company, its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITORS

Louis Lai & Luk CPA Limited resigned as the auditor of the Company and Grant Thornton Hong Kong Limited was appointed by the directors to fill the causal vacancy so arising. A resolution for the reappointment of Grant Thornton Hong Kong Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, 17 May 2021

Grant Thornton
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Independent auditor's report

To the directors of Green Apparel Industries Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Green Apparel Industries Limited (the "Company") set out on pages 6 to 31, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the directors' report of the Company, but 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 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, 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Grant Thornton HK Ltd

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

17 May 2021

Lam Yau Hing
Practising Certificate No.: P06622

Statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Revenue	5	**31,611,634**	109,573,473
Cost of goods sold		**(30,867,799)**	(107,354,277)
Gross profit		**743,835**	2,219,196
Other revenue	6	**8**	417
Staff costs		**(938,025)**	(2,065,571)
Other operating expenses		**(5,496,228)**	(6,326,585)
Loss from operation		**(5,690,410)**	(6,172,543)
Finance costs	7	**(7,562,090)**	(6,294,341)
Loss before income tax	8	**(13,252,500)**	(12,466,884)
Income tax expenses	9	**-**	-
Loss and total comprehensive expenses for the year		**(13,252,500)**	(12,466,884)

The notes on pages 10 to 31 form part of these financial statements.

Statement of financial position as at 31 March 2021

	Notes	2021 HK$	2020 HK$
Non-current assets			
Interest in subsidiaries	11	**5,072,560**	5,072,560
Construction in progress		**202,280**	202,280
		5,274,840	5,274,840
Current assets			
Trade and other receivables	12	**11,214,988**	25,043,271
Amounts due from subsidiary	13	**158,933,682**	117,541,851
Amounts due from fellow subsidiaries	13	**180,161**	69,805
Cash and bank balances		**678,139**	22,441
		171,006,970	142,677,368
Current liabilities			
Bank overdrafts		**-**	1,204,299
Accrual and other payables		**712,594**	802,784
Amounts due to immediate holding company	13	**-**	542,554
Amounts due to fellow subsidiaries	13	**196,648,518**	143,840,927
Secured bank borrowings	14	**26,414,785**	35,803,231
		223,775,897	182,193,795
Net current liabilities		**(52,768,927)**	(39,516,427)
Net liabilities		**(47,494,087)**	(34,241,587)
Equity			
Share capital	15	**1,556,000**	1,556,000
Accumulated losses		**(49,050,087)**	(35,797,587)
Capital deficiencies		**(47,494,087)**	(34,241,587)

Deepak Kumar SETH
Director

Pallak SETH
Director

The notes on pages 10 to 31 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2021

	2021 HK$	2020 HK$
Cash flows from operating activities		
Loss before income tax	**(13,252,500)**	(12,466,884)
Adjustments for:		
Interest income	**(8)**	(417)
Interest expenses	**7,562,090**	6,294,341
Operating loss before working capital changes	**(5,690,418)**	(6,172,960)
Decrease/(Increase) in trade and other receivables	**13,828,283**	(17,141,864)
Net payment to subsidiary	**(41,391,831)**	(18,512,795)
Net (payment to)/receipt from immediate holding company	**(542,554)**	294,675
Net receipt from fellow subsidiaries	**52,697,235**	57,420,849
(Decrease)/Increase in trade and other payables	**(90,190)**	479,450
Cash generated from operations	**18,810,525**	16,367,355
Interest paid	**(7,562,090)**	(6,294,341)
Interest received	**8**	417
Net cash generated from operating activities	**11,248,443**	10,073,431
Cash flows from financing activities		
Repayment of secured bank borrowings	**(9,388,446)**	(13,031,253)
Net cash used in financing activities	**(9,388,446)**	(13,031,253)
Net increase/(decrease) in cash and cash equivalents	**1,859,997**	(2,957,822)
Cash and cash equivalents at beginning of year	**(1,181,858)**	1,775,964
Cash and cash equivalents at end of year	**678,139**	(1,181,858)
Represented by:		
Cash and bank balances	**678,139**	22,441
Bank overdrafts	**-**	(1,204,299)
Cash and cash equivalents at end of year	**678,139**	(1,181,858)

The notes on pages 10 to 31 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Total HK$
At 1 April 2019	1,556,000	(23,332,703)	(21,776,703)
Loss and total comprehensive expenses for the year	-	(12,464,884)	(12,464,884)
At 31 March 2020 and 1 April 2020	1,556,000	(35,797,587)	(34,241,587)
Loss and total comprehensive expenses for the year	-	(13,252,500)	(13,252,500)
Balance at 31 March 2021	**1,556,000**	**(49,050,087)**	**(47,494,087)**

The notes on pages 10 to 31 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2021

1. GENERAL

Green Apparel Industries Limited (the "Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon.

The Company's immediate holding company is Multinational Textile Group Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Multinational Fashions Limited., which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL).

The principal activities of the Company is trading of garments and investment holding. Details of the principal activities and other particulars of its subsidiary are set out in note 11 to the financial statements.

The financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 17 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

For the purposes of compliance with section 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the holding company. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosures of Interests in Other Entities" does not apply to the financial statements.

These company level financial information for the year ended 31 March 2021 presented in HK$ has been prepared solely for the information of, and use by, the directors of the Company and is not intended for any other purpose.

The Company, as a partial owned subsidiary of Multinational Textile Group Limited has prepared consolidated financial statements presented in Hong Kong dollar as the Company's statutory financial statements in compliance with the Hong Kong Companies Ordinance. Consequently, this company level financial information and the comparatives do not constitute the Company's statutory financial statements for either of the years ended 31 March 2021 or 2020. Information relating to the Company's statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- As the Company is a private company, the Company is not required to deliver its consolidated financial statements to the Hong Kong Registrar of Companies, and will not do so.

- The Company's statuary consolidated financial statements for the year ended 31 March 2020 were audited by Louis Lai & Luk CPA Limited. Louis Lai & Luk CPA Limited has reported on the consolidated financial statements for the year ended 31 March 2020. The auditor's report for the year ended 31 March 2020 was issued with a unmodified opinion containing an emphasis matters – material uncertainty related to going concern under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

- The Company's auditor has yet to report on the statutory financial statements for the year ended 31 March 2021.

The Company has incurred a loss of HK$13,252,500 for the year ended 31 March 2021 and, as of that date, the Company had a net current liabilities of HK$52,768,927 and capital deficiency of HK$47,494,087. Notwithstanding these conditions, the going concern basis has been adopted because the shareholder has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Company's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below. It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

<u>Classification and measurement of financial assets</u>

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Financial instruments (Continued)

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, cash and bank balances and amount due from subsidiary and fellow subsidiaries fall into this category of financial instruments.

Classification and measurement of financial liabilities

The Company's financial liabilities include bank overdraft, accruals and other payables, amounts due to fellow subsidiaries and immediate holding company and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Bank overdraft, accruals and other payables and amounts due to fellow subsidiaries and immediate holding company

Bank overdraft, accruals and other payables, lease liabilities and amounts due to fellow subsidiaries and immediate holding company are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Company has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (continued)

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

2.4 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.5 Impairment of non-financial assets

Construction in progress and interest in subsidiaries are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

2.7 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Company 's revenue recognition policies are as follows:

<u>Sales of garment</u>

Revenue from the sale of garment is recognised when (or as) the Company transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Company nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue recognition (Continued)

Interest income

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable

Commission income

Commission income is recognised in the year when services are rendered.

Service income

Service income is recognised when the services are rendered as the criteria of recognising revenue over time is not met.

2.8 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.9 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

2.10 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

Investment in subsidiaries is carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Company has the legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that party:
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) the party is an entity and if any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2020

In the current year, the Company has applied for the first time all new and amended HKFRSs issued by the HKICPA, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning from 1 April 2020. The application of these new and amended HKFRSs do not have any material impact on the Company's results and financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Company.

The directors anticipated that all pronouncements will be adopted in the Company's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Company's financial statements. Information on these new pronouncements that are expected to be relevant to the Company's financial statements is provided below.

HKFRS 17	*Insurance Contracts and related amendments*[3]
Amendments to HKFRS 3	*Reference to Conceptual Framework*[5]
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRS Standards 2018-2020*[2]
Accounting Guideline 5 (Revised)	*Merger Accounting for Common Control Combination*[5]

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] Effective date not yet determined

[5] Effective for business combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

[6] Effective for annual periods beginning on or after 1 June 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Company's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes

4.2 Critical accounting judgements

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE

	2021 HK$	2020 HK$
Bank interest income	**8**	417

7. FINANCE COST

	2021 HK$	2020 HK$
Interest on bank borrowings	**972,975**	2,193,780
Interest on amount due to fellow subsidiary	**6,584,696**	4,071,523
Other interest	**4,419**	29,038
	7,562,090	6,294,341

8. LOSS BEFORE INCOME TAX

Loss before income tax is stated after charging:

	2021 HK$	2020 HK$
Auditors' remuneration	**69,650**	51,773
Exchange loss, net	**436,545**	447,522
Staff costs		
- Salaries and allowance	**936,853**	2,064,054
- Staff welfare	**1,172**	1,517

9. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided in these financial statements as the income of the neither arises in nor is derived from Hong Kong. In the opinion of the directors, the Company is not subject to taxation in any jurisdictions in which the Company operates.

Reconciliation between tax expense and accounting profit at applicable tax rate is as follow:

	2021 HK$	2020 HK$
Loss before income tax	**(13,252,500)**	(12,466,884)
Tax at the applicable tax rate of 16.5%	**(2,186,663)**	(2,057,036)
Tax effect of non-deductible expenses	**7,402,584**	20,136,728
Tax effect of non-taxable revenue	**(5,215,921)**	(18,079,692)
Income tax expense	**-**	-

No deferred tax has been recognised in the financial statements on the grounds that the deductible temporary differences of the Company for the current and previous years are negligible in comparison to the Company's overall financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021 **HK$**	2020 HK$
Fee	-	-
Other emoluments	-	-
	-	-

11. INTEREST IN A SUBSIDIARY

	2021 **HK$**	2020 HK$
Unlisted shares, at cost	**5,072,560**	5,072,560

Details of interest in a subsidiary as at reporting date are as follows:

Name of subsidiary	**Place of incorporation**	**Percentage of ownership and voting power** **2021**	2020	**Name of business**
Green Smart Shirts Limited	Bangladesh	**100%**	100%	Garment trading

12. TRADE AND OTHER RECEIVABLES

	2021 **HK$**	2020 HK$
Trade receivables	**8,702,859**	23,175,553
Other receivables	**1,200,303**	1,059,108
Prepayment and advance to vendors	**1,311,826**	808,610
	11,214,988	25,043,271

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

No ECL allowance of trade receivables was recognised during the year (2020: Nil).

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2021 **HK$**	2020 HK$
Current	**4,591,335**	14,866,366
Past due		
Less than 30 days	**2,471,211**	6,383,989
31 to 90 days	**1,640,313**	1,925,198
	8,702,859	23,175,553

13. AMOUNT DUE FROM/TO SUBSIDIARY/IMMMEIDATE HOLDING COMPANY/FELLOW SUBSIDIARIES

Except for the amount due to a fellow subsidiary of HK$195,692,342 (2020: HK$125,293,135) bears interest of 6% (2020: 6%) per annum, the remaining balances were interest free. All the balances due were unsecured and have no fixed repayment terms.

14. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2021	2020
	HK$	HK$
Amount repayable on demand:		
Term loans	**26,414,785**	35,803,231

As at 31 March 2021, the secured bank borrowings bears interest at LIBOR + 2.75% (2020: LIBOR + 2.75%) per annum and secured by the details as set out in note 20 to the financial statements.

15. SHARE CAPITAL

	2021	2020
	HK$	HK$
Issued and fully paid:		
200,000 ordinary shares	**1,556,000**	1,556,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company' s residual assets.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

16. CAPITAL MANAGEMENT (CONTINUED)

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2021 and 2020.

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

17.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2021 HK$	2020 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**9,903,162**	24,234,661
Amounts due from subsidiary	**158,933,682**	117,541,851
Amounts due from fellow subsidiaries	**180,161**	69,805
Cash and cash equivalents	**678,139**	22,441
	169,695,144	141,868,758
Financial liabilities		
Financial liabilities measured at amortised cost		
Bank overdraft	-	1,204,299
Accruals and other payables	**712,594**	802,784
Amounts due to fellow subsidiaries	**196,648,518**	143,840,927
Amount due to immediate holding company	-	542,554
Secured bank borrowings	**26,414,785**	35,803,231
	223,775,897	182,193,795

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

17.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Company's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 17.1.

The Company manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

The Company applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Company assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

17.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars ("USD") and British Pound ("GBP") with respect to the Hong Kong dollar. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	USD	GBP	Total
At 31 March 2021			
Trade and other receivables	**9,903,162**	**-**	**9,903,162**
Amount due from subsidiary	**158,933,682**	**-**	**158,933,682**
Amount due from fellow subsidiaries	**180,161**	**-**	**180,161**
Cash and cash equivalents	**665,064**	**7,164**	**672,228**
Amounts due to fellow subsidiaries	**(196,648,518)**	**-**	**(196,648,518)**
Secured bank borrowings	**(26,414,785)**	**-**	**(26,414,785)**
Overall net exposure	**(53,381,234)**	**7,164**	**(53,374,070)**
At 31 March 2020			
Trade and other receivables	24,234,661	-	24,234,661
Amount due from subsidiary	117,541,851	-	117,541,851
Amount due from fellow subsidiaries	69,805	-	69,805
Cash and cash equivalents	13,065	7,163	20,228
Bank overdraft	(1,204,299)	-	(1,204,299)
Amounts due to fellow subsidiaries	(143,840,927)	-	(143,840,927)
Amount due to immediate holding company	(542,554)	-	(542,554)
Secured bank borrowings	(35,803,231)	-	(35,803,231)
Overall net exposure	(39,531,629)	7,163	(39,524,466)

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes (e.g. $\pm10\%$) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2021		2020	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
British Pound	**716**	**(716)**	716	(716)

The same % depreciation in the Company's functional currency against the respective foreign currencies would have the same magnitude on the Company's profit for the year and equity but of opposite effect.

The stated changes represent management' s assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

17.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Company's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	Total undiscounted amount HK$	Carrying amount HK$
2021			
Accruals and other payables	**712,594**	**712,594**	**712,594**
Amounts due to fellow subsidiaries	**196,648,518**	**196,648,518**	**196,648,518**
Secured bank borrowings	**27,120,414**	**27,120,414**	**26,414,785**
	224,481,526	**224,481,526**	**223,775,897**
2020			
Bank overdraft	1,204,299	1,204,299	1,204,299
Accruals and other payables	802,784	802,784	802,784
Amounts due to fellow subsidiaries	143,840,927	143,840,927	143,840,927
Amount due to immediate holding company	542,554	542,554	542,554
Secured bank borrowings	38,063,176	38,063,176	35,803,231
	184,453,740	184,453,740	182,193,795

17.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from borrowings bears variable rates as set out in note 14.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's post-tax loss for the year ended 31 March 2021 would increase/decrease by approximately HK$264,000 (2020: HK$358,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

18. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following material transactions with the related parties below.

Name of company	Relationship	Nature of transactions	2021 HK$	2020 HK$
Styleberry Limited	Fellow subsidiary	Sales	-	7,133,501
Simple Approach Limited	Fellow subsidiary	Sales	-	1,962,731
Norwest Industries Limited	Fellow subsidiary	Sales	-	1,277,207
Progress Manufacturing Group Limited	Fellow subsidiary	Extra Processing Charges	**480,150**	-
Green Smart Shirts Limited	Subsidiary	Purchase Consulting Expenses	**30,347,494** -	107,252,924 27,348
Multinational Textile Group Limited	Immediate holding company	Corporate charges SAP expenses	**477,759** -	686,515 217,835
Dizbi Private Limited	Fellow subsidiary	SAP Expenses	**404,560**	-
360 Notch Limited	Fellow subsidiary	Agent Commission	-	61,344
Global Textiles Group Limited	Fellow subsidiary	Consultancy fee	**2,659,414**	3,227,929
Norwest Industries Limited	Fellow subsidiary	Bank charges Interest expenses Insurance Consulting Expenses	**453,162** **6,584,696** **79,574** **277,565**	406,489 4,071,523 80,431 30,342

In addition, during the year, the Company paid recharging expenses to group entities amounted to HK944,996 (2020: HK$2,204,094).

19. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$
As at 1 April 2019	48,834,484
Cash flows	
Net repayment of bank borrowings	(13,031,253)
Payment of interests	(2,193,780)
Non-cash changes	
Interests incurred	2,193,780
As at 31 March 2020 and 1 April 2020	35,803,231
Cash flows	
Net repayments of bank borrowings	**(9,388,446)**
Payment of interests	**(972,975)**
Non-cash changes	
Interest charges	**972,975**
As at 31 March 2021	**26,414,785**

20. BANKING FACILITIES

General banking facilities granted by various banks were secured by the fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee, directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

AUDITOR'S REPORT
&
AUDITED FINANCIAL STATEMENTS

OF

GRUPO SOURCING LIMITED
FOR THE YEAR ENDED 31 MARCH 2021

OCTOKHAN
Chartered Accountants

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CONTENTS

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AUDITOR'S REPORT
TO THE SHAREHOLDERS OF GRUPO SOURCING LIMITED

Audit Opinion:

We have audited the accompanying financial statements of Grupo Sourcing Limited, which comprise the statement of Financial position as at 31 March 2021 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 information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grupo Sourcing Limited as at 31 March 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), and comply with the applicable sections of the Companies Act 1994 and other applicable laws and regulations.

Basis for the Audit Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility 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 (IFRS). This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

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

Chartered Accountants
Tel: (+880 2) 8411367-9 , Fax: (+880 2) 8411371, 01714134475 , E-mail: octokhan@btconnect.com

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 based on these financial statements.

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

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

C) 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

D) Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report on other Legal and Regulatory Requirement:

In accordance with the Section 213 of Companies Act 1994, we also report the following:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our Audit and made due verification thereof;

b. In our opinion, the Company as required by law has kept proper books of accounts, so far as it appeared from our examination of those books;

c. The Financial Statements dealt with by the report are in agreement with the books of accounts.

Dated: 27th April 2021

Dhaka.

Octokhan

Chartered Accountants

DVC: 2105090612AS738156

Grupo Sourcing Limited
Statement of Financial Position
As at March 31, 2021

Particulars	Notes	March 31 2021	March 31 2020
		(Amount in Taka)	
Assets			
Non-current assets		**1,835,785**	**547,835**
Property, plant & equipment	4	1,835,785	547,835
Intangible assets		-	-
Current assets		**16,599,126**	**19,289,878**
Advance, deposit & prepayments	5	801,061	783,561
Trade Receivable	6	3,778,635	4,760,688
Cash and cash equivalents	7	10,160,432	7,840,115
Advance Income Tax		-	4,142,931
Deferred Tax Assets	20	1,858,998	1,762,583
Total assets:		**18,434,911**	**19,837,713**
Liabilities & Shareholder's Equity			
Current liabilities		**13,187,664**	**8,817,705**
Creditors for expenses	8	4,379,319	1,914,821
Creditors for other finance	9	291,537	1,900,312
Loan from holding company	10	8,393,489	-
Provision for expenses	11	72,445	251,761
Provision for income tax	12	50,873	4,750,812
Non Current liabilities		**2,567,767**	**1,626,727**
Deferred Liability	13	2,567,767	1,626,727
Shareholders' Equity			
Share Capital	14	13,767,900	13,767,900
Share money deposit	15	15,823,533	15,823,533
Retained Earnings	SOCE	(26,911,952)	(20,198,152)
		2,679,481	**9,393,281**
Total equity and liabilities:		**18,434,911**	**19,837,713**

The annexed notes (1-21) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Octokhan
Chartered Accountants

Dated: Dhaka
27th April, 2021

DVC: 2105090612AS738156

Grupo Sourcing Limited
Statement of profit or Loss and other comprehensive income
For the year ended 31 March, 2021

Particulars	Notes	(Amount in Taka) March 31 2021	March 31 2020
Revenue	16	305,563,084	492,962,781
Cost of service	17	278,791,383	460,454,647
Gross Profit		**26,771,701**	**32,508,134**
Administrative expenses	18	32,834,275	41,297,043
Foreign Exchange (Gain)/Loss		-	637,204
Profit / (Loss) from Operation		**(6,062,573)**	**(9,426,112)**
Other Income	19	2,792,859	103,066
Financial expenses		364,217	-
Net Profit / (Loss) before Tax		**(3,633,931)**	**(9,323,047)**
Income Tax Expense:		**3,017,852**	**3,661,484**
Current Tax	12	3,114,267	4,202,229
Deferred Tax	20	(96,415)	(540,744)
Net Profit / (Loss) after tax for the year		**(6,651,783)**	**(12,984,531)**
Other comprehensive income			-
Actuarial (Gain)/Loss on Obligation		88,648	26,167
Total comprehensive income		**(6,740,431)**	**(13,010,698)**

The annexed notes (1-21) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Dated: Dhaka
27th April, 2021

Octokhan
Chartered Accountants
DVC: 2105090612AS738156

Grupo Sourcing Limited
Statement of Changes in Equity
For the year ended 31 March, 2021

(Amount in Taka)

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total Equity
Opening Balance	13,767,900	15,823,533	(20,198,152)	9,393,281
			-	-
For Current Period	-	-	(6,740,431)	(6,740,431)
Prior period adjustments	-	-	26,631	26,631
Balance as at 31 Mar, 2021	**13,767,900**	**15,823,533**	**(26,911,952)**	**2,679,481**

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total Equity
Opening Balance	13,767,900	9,873,533	(6,496,665)	17,144,768
			-	-
For Current Period	-	5,950,000	(13,010,698)	(7,060,698)
Prior period adjustments	-	-	(690,789)	(690,789)
Balance as at 31 Mar, 2020	**13,767,900**	**15,823,533**	**(20,198,152)**	**9,393,281**

The annexed notes (1-21) form an integral part of these financial statements.

Managing Director

Director

Signed in terms of our separate report of even date annexed.

Dated: Dhaka
27th April, 2021

Octokhan
Chartered Accountants
DVC: 2105090612AS738156

Grupo Sourcing Limited
Statement of Cash Flows
For the year ended 31 March, 2021

Particulars	Note	(Amount in Taka) March 2021	March 2020
Cash flows from operating activities:			
Net income/ (Loss)		(6,740,431)	(13,010,698)
Depreciation		2,596,554	1,151,946
(Increase)/Decrease in Advance Income Tax		4,142,931	(4,142,932)
(Increase)/Decrease in Trade Receivable		982,053	9,116,402
(Increase)/Decrease in Advances, Deposits & Prepayments		(17,500)	(653,561)
(Increase)/Decrease in Deferred Tax		(96,415)	(912,708)
Increase/(Decrease) in Credits for expenses		2,464,498	244,383
Increase/(Decrease) in Credits for other finance		(1,608,775)	230,500
Increase/(Decrease) in Provision for expenses		(179,316)	85,309
Increase/(Decrease) in Provision for income tax		(4,699,938)	4,142,931
Increase/(Decrease) in Deferred Liability		941,040	1,626,727
Prior period adjustments		26,631	(690,789)
Net cash used in operating activities (A):		**(2,188,669)**	**(2,812,489)**
Cash flows from investing activities:			
Purchase of fixed assets		(3,884,504)	(299,000)
Purchase of intangible assets		-	-
Sale of fixed asset		-	-
Net cash used in investing activities (B):		**(3,884,504)**	**(299,000)**
Cash flows from financing activities:			
Paid up capital		-	-
Share Money Deposit		-	5,950,000
Loan from holding company		8,393,489	(3,561,021)
Net cash generated from financing activities (C):		**8,393,489**	**2,388,979**
Net increase (decrease) in cash and cash equivalents during the year(A+B+C):		**2,320,316**	**(722,510)**
Opening Cash and cash equivalent		7,840,115	8,562,626
Closing Cash and cash equivalent*		**10,160,432**	**7,840,115**
***Cash and cash equivalent includes:**			
Cash in hand	8	203,668	461,631
Cash at bank		9,956,764	7,378,484
		10,160,432	7,840,115

The annexed notes (1-21) form an integral part of these financial statements.

Managing Director

Director

Signed in terms of our separate report of even date annexed.

Dated: Dhaka
27th April, 2021

Octokhan
Chartered Accountants
DVC: 2105090612AS738156

Grupo Sourcing Limited
Notes to the Financial Statements
For the year ended on 31st March, 2021

1.10 Background of the company

Grupo Sourcing Limited is incorporated as private limited companies in Bangladesh having its registered office in Dhaka, Bangladesh. The company is a subsidiary of Grupo Sourcing Limited, Hong Kong. The principal activities of the company are to act as trader, supplier of goods and services including garments related activities.

1.20 Information about the Parent Company

Grupo Sourcing Limited (the "Company") was incorporated in Hong Kong, its ultimate holding company and immediate holding company are PDS Multinational Fashions Limited and Multinational Textile Group Limited Respectively. The ultimate holding company and the immediate holding company are incorporated in India and Mauritius respectively. The ultimate company's shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL).

The Principal activity of the Company is trading of garment. The Principal activity and other particulars of the subsidiary are set out below:

Name of subsidiary	Place of Incorporation	Percentage of Ownership and voting power	Nature of Business
Grupo Sourcing Limited	Bangladesh	99.99%	Trading And Supply of Goods and Services including garments related activities

1.30 Significant Changes from Prior Period

The entity had undergone changes of IFRS-16 "Leases". One lease liability had ended on 31 March 2019 and another lease Liability had ended on 31 August 2020. The present lease of office has started for two years from 01 September 2020 to 31 august 2022. Previous lease liability has been adjusted properly and the new lease is recognized accordingly as per IFRS-16 "Leases".

2.01 Statement of compliance

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994 and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

2.02 Regulatory Compliance

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of the following laws:

- The Income Tax Ordinance 1984;
- The Income Tac Rules 1984;
- The Value Added Tax and Supplementary Duty Act, 2012 & VAT rules 2016

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2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1, the complete set of financial statements includes the following components.

- Statements of financial position (balance sheet) as at 31 March, 2021
- Statement of profit or Loss and other comprehensive income (Income statements) for the period ended on 31 March, 2021
- Statements of changes in equity for the period ended on 31 March, 2021;
- Statements of cash flows for the period ended on 31 March 2021; and
- Accounting policies and other explanatory notes for the period ended on 31 March, 2021

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.05 Reporting Currency and level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.06 Preparation and presentation of Financial Statements of the Company

The Management of the company is responsible for the preparation and presentation of financial statements of Grupo Sourcing Limited.

2.07 Use of Estimates and Judgements

The preparation of these financial statements, require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, labilities, income and expenses. Actual amounts may differ from these estimates

2.08 Reporting Period

The Financial Statement of the company covers the period from 1 April to 31 March each year constantly.

2.09 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities for the year ended 31 March 2021 have been presented under in-direct method.

2.10 Recognition of PPE

Property, Plant, Equipment (PPE) under construction / acquisition is measured at cost & no depreciation was charged as per provision of 'IAS-16: Property, Plant and Equipment'.

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2.11 Depreciation:

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Particulars of Asset	Useful Life
Furniture and Fixtures	4 years
Office Equipment	3 Years
Computer Equipment	3 Years

2.12 Revenue Recognition

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IFRS 15 "Revenue Recognition".

2.13 Provisions

As per "IAS 37: Provisions, Contingent: Liabilities and Contingent Assets" a provisions recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A Provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.14 Deferred Liability (Gratuity & Earned Leave)

The Company has provided for gratuity expense as per requirement of the Bangladesh Labour Law (amendment) 2013. This is an unfunded gratuity scheme for its permanent employees, provision in respect of which is made on the basis of Actuarial Valuation. This scheme qualifies as a Defined Benefit Plan as per IAS 19 "Employee Benefits".

2.15 Contingencies

Contingencies arising has adequate to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

2.16 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operation.

3.00 General

Figures are rounded off to the nearest Taka.

Chartered Accountants Octokhan

4 Property, plant and equipment

(Amount in Taka)

Particulars	Cost				Rate	Depreciation				WDV as at 31 Mar 2021
	Opening Balance as at 01 Apr 2020	Addition during the period	Disposal during the year	Closing Balance as at 31 Mar 2021		Opening Balance as at 01 Apr 2020	Charged during the year	Adjustment during the period	Closing Balance as at 31 Mar 2021	
Furniture and Fixture	3,292,815	37,551	-	3,330,366	25%	3,075,630	185,946	-	3,261,577	68,789
Office Equipment	1,023,520	-	-	1,023,520	33.33%	1,002,742	8,871	-	1,011,613	11,907
Computer Equipment	1,586,677	-	-	1,586,677	33.33%	1,276,804	186,179	-	1,462,984	123,693
Right Of Use Assets	-	3,846,953		3,846,953		-	2,215,558	-	2,215,558	1,631,395
As at March 31, 2021	**5,903,012**	**3,884,504**	-	**9,787,516**		**5,355,177**	**2,596,554**	-	**7,951,731**	**1,835,785**
As at March 31, 2020	**5,604,012**	**299,000**	-	**5,903,012**		**4,203,231**	**1,151,946**	-	**5,355,177**	**547,835**

Notes	Particulars		Amount (in Taka) Mar-21	Mar-20
5	**Advance, deposit & prepayments**			
	Security Deposit - Office Rent	5.1	337,409	519,909
	Advance to Employees	5.2	263,652	263,652
	Advance to Others		200,000	-
	Need to adjust		**801,061**	**783,561**
5.1	**Security Deposit - Office Rent**			
	Balance as on 01 April, 2020		519,909	130,000
	Add: Addition during the year		32,000	389,909
			551,909	**519,909**
	Less: Adjustment during the year		214,500	-
			337,409	**519,909**
5.2	**Advance to Employees**			
	(A) Employee Payable			
	Balance as on 01 April, 2020		2,805,240	2,805,240
	Add: Advance given during the year		-	-
			2,805,240	**2,805,240**
	(B) Advance against salaries			
	Balance as on 01 April, 2020		2,541,588	2,541,588
	Add: Advance adjusted with expenditure		-	-
			2,541,588	**2,541,588**
	Balance as on 31 March, 2021 (A-B)		263,652	263,652
6	**Trade Receivable**			
	Balance as on 01 April, 2020		4,760,688	13,877,090
	Add: Addition during the year		305,563,084	492,962,781
			310,323,772	**506,839,871**
	Less: Adjustments during the year		(306,750,898)	(500,776,266)
	Less: Provision for Doubtful Debts		205,761	(1,302,917)
			3,778,635	**4,760,688**
6.1	**Details of Trade Receivable**			
	Trade receivable from Customers		2,150,915	3,132,968
	Trade receivable from Group		1,627,720	1,627,720
			3,778,635	**4,760,688**
7	**Cash and cash equivalents**			
	Cash in hand		203,668	461,631
	Cash at bank		9,956,764	7,378,484
			10,160,432	**7,840,115**

Chartered Accountants
Octokhan

Notes	Particulars	Amount (in Taka) Mar-21	Mar-20
8	**Creditor for expenses**		
	Lease Liability	**1,650,225**	-
	Rent payable	-	45,000
	Salary payable	**2,406,810**	1,594,423
	VAT payable on rent	**72,558**	25,725
	Other payable	**249,726**	249,673
		4,379,319	**1,914,821**
9	**Creditor for other finance**		
	VAT Payable	-	1,494,065
	Withholding Tax Others	751	-
	Withholding Tax - Professional Services	58,484	13,329
	Withholding Tax - Rent	42,685	26,265
	Withholding Tax - Salary	189,617	366,653
		291,537	**1,900,312**
10	**Loan from holding company**		
	Balance as on 01 April, 2020	-	3,561,021
	Add: Addition during the year	8,393,489	-
		8,393,489	**3,561,021**
	Less: Adjustment during the year	-	3,561,021
		8,393,489	**-**
11	**Provision for expenses**		
	Audit fee	**46,000**	46,000
	Expenses Payable	**26,445**	205,761
		72,445	**251,761**
12	**Provision for Income tax expenses**		
	Balance as on 01 April, 2020	4,750,812	607,881
	Add: Provision for tax as per Law	50,874	4,202,229
	Less: Adjustment During the period	4,750,812	59,298
		50,873	**4,750,812**

13 Deferred Liability

Particulars	Terminal benefit	Earned Leave Liability	Total
Opening Balance	42,908	1,583,819	1,626,727
Interest Cost	3,948	152,157	156,105
Service Cost	99,894	596,393	696,287
Actuarial (Gain)/Loss on Obligation	379,209	(290,561)	88,648
Closing Balance	**525,959**	**2,041,808**	**2,567,767**

Chartered Accountants Octokhan

Notes	Particulars	Amount (in Taka) Mar-21	Mar-20
14	**Share Capital**	30,000,000	30,000,000
	Authorized Capital: 3,00,000 Ordinary shares of Tk. 100/= each	30,000,000	30,000,000
	Issued Subscribed & Paid Up Capital:		
	Grupo Sourcing Limited, Hong Kong [137,669 Ordinary Shares @ 100 each]	13,766,900	13,766,900
	Zamal Uddin Ahmed [10 Ordinary Share @ 100 each]	1,000	1,000
		13,767,900	13,767,900
15	**Share money deposit**		
	Balance as on 01 April, 2020	15,823,533	9,873,533
	Add: Receive during the period	-	5,950,000
		15,823,533	15,823,533

Chartered Accountants Octokhan

Notes	Particulars	Amount (in Taka) Mar-21	Mar-20
16	**Turnover**		
	Export of Garments	305,563,084	491,406,350
	Sales & Marketing revenue	-	1,556,431
		305,563,084	**492,962,781**
17	**Cost of Service**		
	Cost of Garments	278,791,383	459,116,388
	Cost of Garments - Others	-	1,338,259
		278,791,383	**460,454,647**
18	**Administrative Expenses**		
	Salary	19,626,929	20,188,476
	Bonus-Staff	1,688,350	1,708,326
	Interest Cost	156,105	97,774
	Service Cost	696,287	440,034
	Courier charges-International	800,414	1,042,533
	Inspection Fees	189,980	19,920
	Made sample expenses	3,750	109,948
	Insurance - Employees Health/Medical-Staff	264,949	-
	Life Insurance Contributions-Staff	107,425	-
	Immigration/Visa Expenses	-	161,906
	Club & Membership Fees	18,000	-
	Security Charges	430,921	598,874
	Leave Encashment	332,583	72,613
	Overtime Expenses	16,283	66,721
	Legal & Professional Charges	310,500	157,550
	Auditors Remuneration	99,625	63,250
	Insurance-General	9,417	9,458
	Rent-Office	333,320	1,964,660
	Rates & Taxes (Local)/Registration Fees	363,150	430,332
	Taxi & Car Hire Charges	1,455,756	1,641,260
	Car Parking Charges	8,800	26,400
	Repair & Maintenance - Others	621,968	669,189
	Generator Running & Fuel	-	5,280
	Electricity Charges	451,763	516,764
	Gas Expenses	5,850	12,400
	Water Charges	7,205	13,382
	Housekeeping & Cleaning	148,190	152,777
	Office Supplies	134,778	118,601
	Printing & Stationery	172,017	224,467
	Telephone Expenses	550,684	550,808
	Internet & E-mail	48,956	70,720
	Website Subscription Charges	-	15,000
	Travel Local	697,752	452,652
	Transport Allowance	543,884	670,948
	Travel Overseas	-	3,708,202

Chartered Accountants Octokhan

Notes	Particulars	Amount (in Taka) Mar-21	Mar-20
	Entertainment Expenses	188,247	771,119
	Hotel Charges - Overseas	-	1,193,084
	Hotel Charges - Local	96,230	-
	Government Fees	290,080	86,390
	Interest On Lease	91,272	-
	Doubtful Debt Expenses	-	1,302,917
	Bank Charge	337,667	810,362
	Depreciation - Computers Equipment	186,179	288,018
	Depreciation - Furniture & Fixtures	185,946	823,204
	Depreciation - Office Equipment	8,871	40,724
	Depreciation -Right of Use Assets	1,154,191	-
		32,834,275	**41,297,043**
19	**Other Income**		
	Interest from Bank	40,347	103,066
	Miscellaneous Income	2,752,512	-
		2,792,859	**103,066**
20	**Deferred Tax (Assets)/ Liabilities**		
	Carrying amount of Property, Plant & Equipment	1,835,785	547,835
	Tax base of Property, Plant & Equipment	3,337,787	3,957,061
	Deductible temporary difference	(1,502,002)	(3,409,225)
	Deferred Liability	2,567,767	1,626,727
	Lease Liability	1,650,225	-
	Deductible temporary difference	(4,217,992)	(1,626,727)
	Grand Total	(5,719,994)	(5,035,952)
	Applicable Tax Rate	32.5%	35%
	Deferred Tax liability / (Assets) at the end of the Year	**(1,858,998)**	**(1,762,583)**
	Deferred tax liability/ (Assets) at the beginning of the Year	(1,762,583)	(849,876)
	Prior period adjustment		(371,963)
	Deferred Tax Expenses / (Income)	(96,415)	(540,744)

Auditors' Report
&
Audited Financial Statement
OF
Green Smart Shirts Limited

As at & for the year ended 31 March 2021

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF GREEN SMART SHIRTS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Green Smart Shirts Limited which comprise the statement of financial position as at 31 March 2021 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2021, and its financial performance and its cash flows for the year than 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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations 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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Main Office: Gulshan Pink City, Level: 7, Plot # 15, Road # 103, Gulshan, Dhaka-1212, Bangladesh; ☎ +880-2-8881824-6, aqasem@aqcbd.com
Chattogram Office: Faruk Mahal (3rd Floor), Plot # 93, Agrabad C/A, Chittagong-4100, Bangladesh; ☎ +880-31-715656, 718066, aqasemctg@aqcbd.com
Tax & Company Affairs Office: Ivory Krishnachura (5th Floor), 3/1-E, Purana Paltan, Dhaka-1000, Bangladesh; ☎ +880-2-9551103, 9584925, aqasemtax@aqcbd.com

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.

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 Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the section 213(4) of the Companies Act 1994, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and

c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

Green Smart Shirts Limited
Statement of Financial Position
As at 31 March 2021

	Notes	2021 BDT	2020 BDT
Assets			
Non-current assets			
Property, plant and equipment	4.00	874,727,831	931,732,487
Intangible assets	5.00	4,908,413	7,802,851
Right to use assets (IFRS 16)	6.00	5,047,660	7,237,952
Capital work in progress	7.00	38,583,072	13,014,570
Deferred tax assets	8.00	46,914,781	-
		970,181,757	**959,787,860**
Current assets			
Inventory	9.00	464,991,384	392,554,876
Advances, deposits and prepayments	10.00	139,495,735	55,542,827
Receivable	11.00	184,713,333	34,566,797
Inter company receivables	12.00	389,949,478	587,084,515
Cash and cash equivalents	13.00	48,225,930	72,500,153
		1,227,375,861	**1,142,249,168**
Total assets		**2,197,557,618**	**2,102,037,028**
Shareholders' equity & liabilities			
Shareholders' equity			
Share capital	14.00	50,699,300	50,699,300
Share money deposit	15.00	524,303,860	497,247,860
Irredeemable preference share	16.00	845,437,700	845,437,700
Retained earnings		(463,515,252)	(375,985,271)
OCI reserve for actuarial difference		2,526,598	3,705,732
		959,452,206	**1,021,105,321**
Liabilities			
Long term liabilities			
Post-retirement benefit obligation	17.00	28,598,558	18,060,045
Non-current portion of lease liability	18.00	644,037	4,033,384
		29,242,595	**22,093,429**
Current liabilities			
Current portion of lease liability	18.01	4,620,000	3,357,845
Secured short term bank borrowings	19.00	48,769,997	38,913,949
Trade and other payables	20.00	644,221,394	607,423,792
Inter company payables	21.00	511,251,427	409,142,692
		1,208,862,817	**1,058,838,278**
Total liabilities		**1,238,105,412**	**1,080,931,707**
Total shareholders' equity & liabilities		**2,197,557,618**	**2,102,037,028**

FOOTNOTES:
1. Auditors' Report - Page 1-2.
2. The accompanying notes 1-34 form an integral part of these financial statements.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Fateh-UL-Islam
Managing Director
Green Smart Shirts Limited

Shahed Muhmud
Director
Green Smart Shirts Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Green Smart Shirts Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2021

	Notes	2021 BDT	2020 BDT
Revenue			
Export sales	22.00	1,302,189,168	1,317,330,327
Less: cost of good sold	23.00	1,165,670,076	1,175,302,988
Gross profit		**136,519,093**	**142,027,339**
Other income	24.00	18,317,706	34,953,099
		154,836,798	**176,980,438**
Operating expenses			
Administrative expenses	25.00	192,031,047	193,632,615
Marketing & selling expenses	26.00	44,526,500	56,161,962
Operating depreciation	27.00	37,370,067	35,995,256
		273,927,615	**285,789,832**
Operating loss		**(119,090,817)**	**(108,809,395)**
Finance (income)/ expenses	28.00	(9,441,719)	(5,132,119)
Loss before tax		**(128,532,535)**	**(113,941,514)**
Income tax expenses	29.00	(41,002,554)	7,606,056
Loss after tax		**(87,529,981)**	**(121,547,569)**
Other comprehensive income for the period			
Actuary difference for the year (net of deferred tax)	30.00	(1,179,134)	3,705,732
Total comprehensive loss for the period		**(88,709,115)**	**(117,841,837)**

FOOTNOTES:
1. Auditors' Report - Page 1-2.
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A.Qasem & Co.
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RJSC Firm Registration Number: PF1015

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Partner
Enrolment Number: 1259
DVC:

Fateh-UL-Islam
Managing Director
Green Smart Shirts Limited

Shahed Muhmud
Director
Green Smart Shirts Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Green Smart Shirts Limited
Statement of Changes in Shareholder's Equity
For the year ended 31 March 2021

Amounts in BDT

Particulars	Share capital	Retained earnings	OCI Reserve for actuarial difference	Share money deposit	Irredemable Preference Share	Total
Balance as at 31 March 2019	**50,699,300**	**(254,437,701)**	**-**	**1,054,032,439**	**-**	**850,294,037**
Share money deposit	-	-	-	288,653,121	-	288,653,121
Issuance of preferred share	-	-	-	(845,437,700)	845,437,700	-
Total comprehensive loss for the year	-	(121,547,569)	3,705,732	-	-	(117,841,837)
Balance as at 31 March 2020	**50,699,300**	**(375,985,271)**	**3,705,732**	**497,247,860**	**845,437,700**	**1,021,105,321**
Receipt of share money deposit	-	-	-	27,056,000	-	27,056,000
Total comprehensive loss for the period	-	(87,529,981)	(1,179,134)	-	-	(88,709,115)
Balance as at 31 March 2021	**50,699,300**	**(463,515,252)**	**2,526,598**	**524,303,860**	**845,437,700**	**959,452,206**

FOOTNOTES:
1. Auditors' Report - Page 1-2.
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A.Qasem & Co.
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Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A.QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Green Smart Shirts Limited
Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021 BDT	2020 BDT
Cash flows from operating activities			
(Loss) before tax		(128,532,535)	(113,941,514)
Adjustment for non cash item			
Depreciation		72,477,132	65,429,785
Interest income		(2,951,667)	-
Interest expense		1,967,521	-
Changes in working capital			
(Increase)/decrease in inventories		(72,436,508)	(233,885,397)
(Increase)/decrease in advances, deposits and prepayments		(83,952,908)	(19,457,352)
(Increase)/decrease in receivables		(150,146,536)	(34,566,797)
(Increase)/decrease in inter-company receivables		197,135,037	(445,752,433)
Increase/(decrease) in trade and other payable		38,059,757	340,599,147
Increase/(decrease) in inter-company payable		102,108,735	308,343,094
Increase/(decrease) post-retirement benefit obligation		10,538,513	1,996,452
Cash generated from operating activities		**(15,733,460)**	**(131,235,017)**
Tax paid		13,492,139	7,606,056
Net cash flows from operating activities		**(29,225,598)**	**(138,841,072)**
Cash flows from investing activities			
Payment for Assets		(28,019,673)	(103,106,854)
Net cash used in investing activities		**(28,019,673)**	**(103,106,854)**
Cash flows from financing activities			
Increased share money deposit		27,056,000	288,653,121
Payment for lease liability		(3,941,000)	-
Secured short term bank borrowings		9,856,048	-
Net cash generated by financing activities		**32,971,048**	**288,653,121**
Net change in cash and cash equivalents		**(24,274,223)**	**46,705,194**
Cash and cash equivalents at the beginning of the period		72,500,153	25,794,957
Cash and cash equivalents at the end of the period		**48,225,930**	**72,500,153**
Represented by:			
Cash at bank		14,260,167	22,335,005
Cheque in hand		32,054,472	48,676,891
Cash in hand		1,911,292	1,488,257
		48,225,930	**72,500,153**

FOOTNOTES:
1. Auditors' Report - Page 1-2.
2. The accompanying notes 1-34 form an integral part of these financial statements.

A.Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Fateh-UL-Islam
Managing Director
Green Smart Shirts Limited

Shahed Muhmud
Director
Green Smart Shirts Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

1.00 Significant accounting policies and other material information

1.01 Company profile

Green Smart Shirts Limited (the "Company") was incorporated in Bangladesh on 6 May 2016 as a private company limited by shares under the Companies Act, 1994 with its registered office located at Doyal Centre, 3rd Floor, Suite No. A+B,, 15, Sonargoan Janapath, Sector - 13, Uttara, Dhaka, PO :1230, The factory is located at Tepirbari, Mowna, Sreepur, Gazipur.

1.02 Nature of business

The principal activity of the Company is to set up garments manufacturing factory and export garments to all over the world from Bangladesh.

2.00 Basis of preparation

2.01 Statement of compliance

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice followed in Bangladesh in compliance with The Companies Act 1994, The Securities and Exchange Rules 1987, International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other applicable laws and regulations.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 1994.

2.02 Functional and presentational currency and level of precision

The financial statements are presented in Bangladesh Taka (Taka/Tk), which is the Company's functional currency. Financial information presented in Taka have been rounded off to the nearest Taka.

2.03 Use of estimates and judgment

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

2.04 Reporting period

The financial report covers the period from 1 April 2020 to 31 March 2021.

2.05 Consistency of presentation

The presentation and classification of all items in the financial statements have been retained from one period to another period unless where it is apparent that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies or changes is required by another IFRSs.

2.06 Comparative information

Comparative information has been disclosed in respect of the previous periods for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements. Certain figures for previous period have been rearranged wherever considered necessary, as to ensure better comparability with the current period financial and to comply with relevant IASs.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

2.07 Preparation and presentation of financial statements of the company

The Board of Directors of the company is responsible for the preparation and presentation of the financial statements of the company.

2.08 First time recognition of Deferred Taxation

Entity has policy on recognizing deferred taxation on indentified temporary differences. Compant has calculated deferred taxation and identified that there would be tax credits and tax losses from where entity will obtain benefit in future. However, as the entity has experienced loss in prior year and it was not able to estimate when company will be profitable. Entity estimated it was not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised. Hence, the entity has not recognized deferred tax asset in prior years.

However, in 2020, Company has made an forcast of its business and estimated that it will be able to generate profit from 2023 and onwords. It believes that there will be sufficient taxable profit available to obtain tax credits and tax lossess in future. Hence. Company has recognized Deferred taxation in 2020 for the first time.

Deferred tax asset has been calculated at the end of reporting period on the accumulated benefit that will be obtained in future. Because of the changed in estimated of obtaining future benefits, Deferred tax asset has been recognized prospectively in accordance with IAS 8 and no retrospective restatement has been done on the comparative figures.

2.09 Components of the financial statements

According to the International Accounting Standard IAS-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

i) Statement of financial position as at 31 March 2021.
ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2021.
iii) Statement of changes in shareholder's equity for the year ended 31 March 2021.
iv) Statement of cash flows for the year ended 31 March 2021.
v) Accounting policies and explanatory notes.

3.00 Summary of significant policies

3.01 Principle of accounting policies

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements.

3.02 Accrual basis of accounting

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable Bangladesh Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

3.03 Going concern

GSSL has been suffering continous loss every year since incepeption resulting in negetive accumulated retained earnings. These gradually raises indication of threat to going concern. However, despite having these indications management believes that there is no material uncertainty relating to events or condition which may cast doubt upon the Company's ability to continue as a going concern and prepared financial statements accordingly under going concern assumption. Company has started its commercial operation 3 years ago and now started operating in full capacity. Company has made a forcast of its business and expectecs to continue generation of profit from 2023. Company has confirmed sales order exceedting its projection despite the COVID-19 outbreak. In addition In addition the Parent company of GSSL has agreed to provide financial assistance to PABL in case of its failure to meet any obligation which will falls due within next 12 months.

3.04 Statement of cash flows

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the direct method.

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

3.05 Accounting policies, changes in accounting estimates and errors

Accounting policies

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements.

An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented.

Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

Accounting estimates

The preparation of financial statements requires many estimates to be made on the basis of latest available and reliable information.

The effect of a change in accounting estimates should therefore be recognized prospectively.

Prior period errors

A prior period error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue.

3.06 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.07 Taxation

The company is currently in pre operating stage. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

As an export oriented company, applicable tax rate for GSSL is 0.70% and 0.30% on gross receipts, 12% on net profit and the rate is 35% on other Income being a private limited company.

3.08 Recognition of Property, plant and equipment

Recognition and measurement

According to IAS 16 "Property, Plant and Equipment" items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Part of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

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Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation cost, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Company.

Depreciation

No depreciation is charged on capital work in progress (CWIP) as CWIP is not yet available for use. Depreciation on other items of property plant and equipment is recognized on SLM basis over the estimated useful lives of each item of property, plant and equipment. For addition to property, plant and equipment, depreciation method, useful lives and residual balance are reviewed each reporting date and adjusted if appropriate.

The rate of depreciation varies according to the estimated useful lives of the items of property, plant and equipment. The depreciation rates for the current period are as follows:

Class of assets	Depreciation rate
Furniture and fixtures	10%
Freehold land	0%
Plant and machineries	10%
Freehold factory building	5%
Air conditioners	10%
Electrical installations	10%
Fire protection & prevention equipment's	10%
Office equipment's	10%
Other equipment's	10%
Telephone installation & connection	10%
IT equipment's	33%
Software/ERP	25%
Original cost-other low value assets	100%

3.09 Inventories

Inventories are valued at the average of cost and net realizable value as per IAS 2, after making due allowance for obsolete, rejection and slow moving items. Cost is valued using weighted average method. Net realizable value is the price at which inventories can be sold in the ordinary course business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.10 Revenue recognition

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding taxes, and reduced by any rebates and trade discounts allowed as per IFRS-15.

Revenues are recognized when the risks and rewards of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return can be estimated reliably and there is no continuing management involvement with the sale of goods or service provided.

3.11 Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit or loss and other comprehensive income.

3.12 Transaction with related parties

The company carried out a number of transactions with related parties in the course of business and on arms length basis. Transaction with related parties has been appropriately recognized and disclosed in accordance with IAS 24 "Related Party Disclosures".

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3.13 Foreign currency transactions

Foreign currency transactions are translated into Bangladesh Taka at the rate ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on that date. This treatment is in accordance with IAS-21: The Effects of changes in Foreign Exchange Rates, which requires all differences arising from foreign exchange transactions to be recognized in the comprehensive income statement.

3.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.15 Payables

The Company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.16 Provisions and contingencies

A provision is recognized on the date of statement of financial position if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.17 Leases

IFAC has issued IFRS16 (Leases) which has been adopted in Bangladesh and applicable from 01 January 2019. IFRS 16 is applied in financial statement of Green Smart Shirts Limited as on 01 April 2019. All leasehold asset is shown in asset schedule separately as leasehold asset and lease liability also shown separately in Balance sheet. Lease asset value is measured as rental value for the remaining period of use as the rental payment is fixed no incremental value.

3.18 Disclosure for impact of COVID-19

At the begining the financial year, Bangladesh withnessed outbreak of COVID-19 pandemic. As part of government initiative to restrict spread of COVID-19, government impossed mandatory lockdown in the conuntry during April-May 2020. As a result company's operation was inturrepted as its factory and office were kept closed to comply with government guidelines. This lead to delay in receving raw materials and delivery of finished goods. In case of urgent shipment, company have used air freight instead of sea freight which lead additional cost to the company. In addition, company has continued salaries and wages payment to its workers and staffs despite factory and offices were closed. Company incurred additional cost for workers and staffs to ensure safety and security from Covid-19.

Because of the Covid-19, the none of the existing sales contract has been cancelled but new sales contracts has been deferred. Sales delivery has was been deffered. As a result revenue has decreased during the year. However, it is not possible to the company to quantify the sales contract has been deferred as the quantity of the goods and price are not finalized unless order is confirmed.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments varying efforts to combat the outbreak and support business. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this stage. The financial statements have been prepared based upon conditions existing at 31 March 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. No adjustments have been made to financial statements as at 31 March 2021 for the impact of COVID-19 and there is no substantial impact on the Company's ability to continue as a going concern.

3.19 General comments and obligations

a) All the issued shares have been fully called and paid up;

b) There is no preference shares issued by the company;

c) The company has not incurred any expenditure in foreign currency against royalties and technical fees;

d) Auditors are paid statutory audit fees and Quarterly audit fees and group reporting fees.

e) No foreign exchange was remitted to the shareholders during the year under audit;

f) No money was spent by the company for compensating any member of the board for rendering special services;

g) No bank guarantee was issued by the company on behalf of its directors.

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4.00 Property, plant and equipment

Amounts in BDT

Particulars	Cost				Rate %	Depreciation				Written down value
	Opening balance	Addition / transfer during the period	Adjustment/ disposal during the period	Closing balance		Opening balance	Charged during the period	Adjustment/ disposal during the period	Closing balance	
Freehold Land	104,768,161	-	354,000	104,414,161	0%	-	-	-	-	104,414,161
Plant & Machinery	265,854,387	5,091,853	2,322,240	268,624,001	10%	44,496,028	26,228,476	-	70,724,504	197,899,497
Furniture & Fixtures	41,250,670	1,215,480	-	42,466,150	10%	6,464,490	4,221,459	-	10,685,948	31,780,201
Office Equipments	2,022,230	9,500	-	2,031,730	10%	348,297	203,008	-	551,306	1,480,424
Freehold Building	482,870,170	1,193,973	-	484,064,143	5%	27,324,275	24,158,221		51,482,496	432,581,646
Other Equipments	7,034,315	2,024,263	-	9,058,578	10%	709,342	602,237	-	1,311,579	7,746,999
IT Equipments	15,422,360	1,019,713	396,303	16,045,770	33%	8,124,480	4,998,429	378,760	12,744,149	3,301,620
Telephone Installation & Connection	483,500	-	-	483,500	10%	49,969	48,428	-	98,397	385,103
Fire Protection & Prevention Equipments	642,250	-	-	642,250	10%	75,339	62,993	-	138,332	503,918
Air Conditioners	42,376,214	398,938	-	42,775,151	10%	243,606	180,853	-	424,459	42,350,692
Electrical Installation	62,928,933	64,570	-	62,993,503	10%	6,411,848	3,980,192	-	10,392,040	52,601,462
Original cost-Other Low Value Assets	6,504,338	555,429	-	7,059,767	100%	6,177,368	1,200,293	-	7,377,661	(317,894)
Balance as at 31 Mar 2021	**1,032,157,528**	**11,573,719**	**3,072,543**	**1,040,658,703**		**100,425,042**	**65,884,591**	**378,760**	**165,930,873**	**874,727,831**
Balance as at 31 Mar 2020	**919,498,415**	**112,699,914**	**(40,800)**	**1,032,157,529**		**37,777,378**	**62,647,663**	**-**	**100,425,041**	**931,732,487**

5.00 Intangible assets

Amounts in BDT

Particulars	Cost				Rate %	Depreciation				Written down value
	Opening balance	Addition / transfer during the period	Adjustment/ disposal during the period	Closing balance		Opening balance	Charged during the period	Adjustment/ disposal during the period	Closing balance	
Software/ERP	11,988,177	-	-	11,988,177	25%	4,185,326	2,894,438	-	7,079,764	4,908,413
Balance as at 31 Mar 2021	**11,988,177**	**-**	**-**	**11,988,177**		**4,185,326**	**2,894,438**	**-**	**7,079,764**	**4,908,413**
Balance as at 31 Mar 2020	**7,649,260**	**4,338,917**	**-**	**11,988,177**		**1,403,205**	**2,782,121**	**-**	**4,185,326**	**7,802,851**

6.00 Right of use of assets

	2021 BDT	2020 BDT
Opening Balance	7,237,952	
Addition during the period	1,507,811	10,151,931
IFRS- Depreciation lease	3,698,103	2,913,979
	5,047,660	**7,237,952**

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		Notes	2021 BDT	2020 BDT
7.00	**Capital work in progress**			
	Opening balance		13,014,570	23,046,737
	Addition during the period		26,849,986	13,014,569
			39,864,555	**36,061,307**
	Less: transfer during the period		1,281,483	23,046,737
	Closing balance at the end of the period	7.01	**38,583,072**	**13,014,570**

		Notes	2021 BDT	2020 BDT
7.01	**CWIP Closing Balance**			
	CWIP-Building		37,333,703	10,541,003
	CWIP-Plant & Machinery		1,245,958	2,470,156
	CWIP-Furniture & Fixture		3,411	3,411
			38,583,072	**13,014,570**

		Notes	2021 BDT	2020 BDT
8.00	**Deferred tax (assets)/ liabilities**			
	Deferred tax from FDR interest income	8.01	959,292.0	-
	Deferred tax from property, plant & equipment (except land)	8.02	16,101,393.5	-
	Deferred tax from lease	8.03	(21,637.7)	-
	Deferred tax from gratuity liability excluding actuarial gain/loss	8.04	(2,579,122.7)	-
	Deferred tax from business loss	8.05	(61,655,439.7)	-
	Deferred tax assets from operation		**(47,195,515)**	**-**
	Deferred tax liabilities from actuarial loss in gratuity liability		280,733	-
			(46,914,781)	**-**

		Notes	2021 BDT	2020 BDT
8.01	**Deferred tax from FDR Interest Income**			
	Carrying amount		2,951,667	-
	Tax base		-	-
	Taxable/(deductible) temporary difference		**2,951,667**	**-**
	Tax rate		32.50%	32.50%
			959,292	**-**

		Notes	2021 BDT	2020 BDT
8.02	**Deferred tax from Property, Plant & Equipment (except Freehold land)**			
	Carrying amount		773,966,075	-
	Tax base		(612,952,139)	-
	Taxable/(deductible) temporary difference		**161,013,935**	**-**
	Tax rate		10%	0%
			16,101,394	**-**

		Notes	2021 BDT	2020 BDT
8.03	**Deferred tax for lease**			
	Carrying amount		216,377	-
	Tax base		-	-
	Taxable/(deductible) temporary difference		**(216,377)**	**-**
	Tax rate		10%	0%
			(21,638)	**-**

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	Notes	2021 BDT	2020 BDT

8.04 Deferred tax from gratuity liability and leave encashment excluding actuarial gain/loss

	Notes	2021 BDT	2020 BDT
Carrying amount		28,598,558	-
Tax base		-	-
Taxable/(deductible) temporary difference		**(28,598,558)**	-
Tax rate		10%	0%
Total deferred tax (assets)/ liabilities from gratuity liability		**(2,859,856)**	-
Less: Deferred tax assets/(liabilities) from actuarial Gain/(loss)		(280,733)	-
		(2,579,123)	-

8.05 Deferred tax from business loss

	Notes	2021 BDT	2020 BDT
Carrying amount		-	-
Tax base		(616,554,397)	-
Taxable/(deductible) temporary difference		**(616,554,397)**	-
Tax rate		10%	0%
		(61,655,440)	-

9.00 Inventory

	Notes	2021 BDT	2020 BDT
Finished Goods-Manufacturing		250,429,982	162,047,877
Goods in Transit		19,039,143	9,702,507
Semi Finished Goods-Manufacturing		90,035,031	93,883,427
Fabric - Body		62,195,117	85,273,263
Acc & Trim Mfg.		41,169,775	39,202,186
Packing Material		237,709	-
Production Consumables		238,947	263,630
Stationaries & General Consumable		114,905	140,829
Production Paper		456	456
Mechanical, Electrical & Plumbing		1,133,693	1,250,007
Fuel		304,618	577,170
Store & Spare Parts		92,010	213,525
		464,991,384	**392,554,876**

10.00 Advances, deposits and prepayments

	Notes	2021 BDT	2020 BDT
Pre-operative Exp-others		-	547,072
Advance Tax	10.01	13,699,147	207,008
Fixed Deposit		84,000,000	-
Security Deposits - Rents		1,465,000	1,270,000
Security Deposits - Utilities		14,595,947	14,595,947
Advance Against Expenses		2,089,886	1,363,775
Advance Against Salaries		983,700	639,285
Advance to Vendors		7,938	12,200
Advance Payment, Intang. Assets		80,000	80,000
Advance Payment, Tangible Assets		3,701,741	7,248,110
Insurance - Prepaid		304,755	-
Prepaid Expenses		4,316,929	5,235,028
Employee payable		1,164,779	-
Travel Advances		1,037,578	1,036,161
Other Advances	10.02	12,255,343	23,308,241
		139,495,735	**55,542,827**

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	Notes	2021 BDT	2020 BDT
10.01 Advance tax			
Opening balance		207,008	2,500,029
Paid during the year		13,492,139	4,851,033
Less: settlement of assessment		-	(7,144,054)
		13,699,147	**207,008**

Though GSSL is in loss they have to pay the minimum tax under section 82C of income tax ordinance 1984 , this will considered as final settlement for GSSL.

	Notes	2021 BDT	2020 BDT
10.02 Advance to others			
Amann Bangladesh Ltd.		-	17,338
Anh Enterprise Limited		550,500	550,500
B.T Industries		-	476,830
Bangla Power		1,200,000	1,200,000
BHT Industries Ltd		-	25,258
Efaz Fashion		-	62,333
Jbl Accessories		-	48,206
Lianfa Textile		-	88,202
Redstar Accessories		-	53,569
Royal Touch		-	202,020
Sgs Hong Kong Ltd.		-	258,502
Shirley Technologies Ltd		89,264	-
Techlink International Llc		-	3,772
Yunusco T&A (Bd) Limited		4,580	-
Zahanjiagang Alma Accessories Co		-	-
Other Vendor Advances		10,410,999	20,321,711
		12,255,343	**23,308,241**
11.00 Receivable			
Trade receivables		149,078,189	5,582,979
Export Incentive receivables		32,683,477	28,983,818
Interest Receivable		2,951,667	-
		184,713,333	**34,566,797**
12.00 Inter company receivables			
Green Apparel Industries Limited, Hong Kong		352,886,576	535,589,200
Poeticgem Limited		20,436,846	47,284,167
Progress Manufacturing Group Limited		2,982,382	-
PDS FAR-EA		122,702	-
Poeticgem International Limited		5,000	3,790,728
Progress Apparels (Bangladesh) Ltd		13,515,972	420,420
		389,949,478	**587,084,515**
13.00 Cash and cash equivalents			
Cash at bank	**13.01**	14,260,167	22,333,205
Cheques in hand		32,054,472	48,676,891
Cash in hand		1,911,292	1,490,057
		48,225,930	**72,500,153**

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	Notes	2021	2020
		BDT	BDT

13.01 Cash at bank

	2021	2020
BRAC Bank Ltd-Taka A/C	-	356,682
BRAC-1501203540033002-USD-Margin Account	6,252,733	-
HSBC-001-005065-047-FC Bank Account (USD)	658,631	818,309
HSBC-001-005065-091-USD-Margin Account	6,589,772	20,513,602
Dutch Bangla Bank-19911013497-Main Bank [BDT]	56,572	60,022
EASTERN BANK LIMITED MAIN BANK ACCOUNT	655,480	536,921
Commercial Bank Of Ceylon-Taka A/C	46,979	47,669
	14,260,167	**22,333,205**

14.00 Share capital

Authorized capital

	2021	2020
50,00,000 Ordinary Shares of Taka 100 each	500,000,000	500,000,000
50,00,000 Redeemable Preference Shares of Taka 100 each	500,000,000	500,000,000
	1,000,000,000	**1,000,000,000**

As per Memorandum and Articles of Association of the Company, the shareholders agreed to take the shares in proportion in the capital as detailed below:

Issued and paid up capital

Shareholding position as at 31 Mar 2021, 31 Mar 2020 and 31 Mar 2019 as follows:

		2021	2020
Paid up capital	**Shares held**	**BDT**	**BDT**
Green Apparel Industries Limited, Hong Kong	506,933	50,693,300	50,693,300
Mr. Ajai Singh	10	1,000	1,000
Mr. Md. Fateh Ul Islam	10	1,000	1,000
Mr. Om Prakash Makam	10	1,000	1,000
Mr. Pallak Seth	10	1,000	1,000
Mr. Anuragh	10	1,000	1,000
Mr.Shree Shyam	10	1,000	1,000
	506,993	**50,699,300**	**50,699,300**

15.00 Share money deposit

	2021	2020
Opening balance	497,247,860	1,054,032,439
Addition during Share Application money Deposit	27,056,000	288,653,121
	524,303,860	**1,342,685,560**
Less- Transfer to share capital	-	(845,437,700)
	524,303,860	**497,247,860**

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	Notes	2021 BDT	2020 BDT
16.00 Preference Share Capital			
Issued during the period		845,437,700	845,437,700
		845,437,700	**845,437,700**

Redeemable preference share is shown under equity portion since it was not specified when it will be redeem and the preference shareholder will receive only dividend from the company that is why it is considered as Irredeemable preference share capital.

	Notes	2021 BDT	2020 BDT
17.00 Post-retirement benefit obligation			
Obligation for gratuity	17.01	19,032,856	11,503,289
Obligation for leave encashment	17.02	9,565,702	6,556,756
		28,598,558	**18,060,045**
17.01 Gratuity payable			
Opening balance		11,503,289	9,930,081
Service cost		8,397,350	6,641,128
Interest cost		1,058,303	408,810
Actuarial (gain)/loss		(1,926,086)	(5,476,730)
		19,032,856	**11,503,289**
17.02 Provision for leave encashment			
Opening balance		6,556,756	6,133,512
Service cost		3,679,597	3,356,626
Interest cost		603,222	219,310
Actuarial (gain)/loss		2,824,487	1,770,998
Benefits paid out		(4,098,360)	(4,923,690)
		9,565,702	**6,556,756**
18.00 Non-current portion of lease liability			
Opening balance		7,391,229	-
Addition during the period		1,507,811	10,151,932
Add: Interest accrued		305,996	359,573
Less: Paid during the period		(3,941,000)	(3,120,275)
Total lease liability at the year end		**5,264,037**	**7,391,229**
Less: Current portion of lease liability	18.01	4,620,000	3,357,845
		644,037	**4,033,384**
18.01 Current portion of lease liability			
Balance at the year end		5,264,037	7,391,229
Less: Balance payable after 12 month		644,037	4,033,384
		4,620,000	**3,357,845**

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	Notes	2021 BDT	2020 BDT
19.00 Secured short term bank borrowings			
Hsbc Bill Discounting A/C		9,503,442	12,272,294
Brac Bill Discounting A/C		17,791,207	-
Hsbc Temporary Loan		-	4,091,693
Hsbc Bank-005065-011-Clearing-Cheque Payment		21,271,006	22,549,962
BRAC Bank Limited-Main Bank Account (BDT)		204,341	-
		48,769,997	**38,913,949**
20.00 Trade and other payables			
Apl Associates		-	5,138
Apparel Processing Industries		-	93,291
Bht Industries Ltd.		-	301,017
Britannia Garment Packaging		-	12,905
F V Bangladesh		-	1,508,233
Hangzhou Hangmin Damei Dyeing		-	1,819,040
M/S Padma Engineering Works		-	332,119
Mostan Engineering Works		-	120,052
Rapid Trim Solution		-	999,893
Rbm Trims Bd Ltd		-	171,982
Sharmin Freight Systems Ltd		-	1,564,015
Silver Composite Textile Mills Ltd		-	580,113
Sml Packaging Solutions Bangladesh		-	2,576,752
Standard Freight Ltd .		-	1,434,513
Texworld Accessories & Yarn Process		-	26,641
Winda Technology Limited		-	630,718
Zoje Sewing Machine Co. Ltd.		-	2,322,240
Gr/Ir Clearing A/C		41,464,967	238,579,989
Salary Payable		35,469,282	30,658,807
Statutory Payable		17,489,341	17,489,341
Bills Of Exchange (Boe) Payable		336,946,695	293,669,184
Adv From Affiliaties		137,180,735	-
Provision For Income Tax		6,192,960	-
Trade Receivables		-	164,456
Other Payable		69,477,413	12,363,352
		644,221,394	**607,423,792**
21.00 Inter company payables			
Norwest Industries Limited, Hong Ko		2,184,684	2,349,600
Green apparel industries Limit		509,000,357	403,965,568
Poeticgem Limited		-	1,400,423
Styleberry Limited		-	1,407,020
Design Arc Asia Limited		-	20,082
Simple Approach		66,385	-
		511,251,427	**409,142,692**

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	Notes	2021 BDT	2020 BDT
22.00 Export sales			
Sales-Garment		1,321,507,772	1,324,578,429
Sales discount		(19,318,604)	(7,248,101)
		1,302,189,168	**1,317,330,327**
23.00 Cost of good sold			
Material Consumption		840,249,502	860,745,549
Direct Labour	23.01	229,961,542	205,010,939
Sub Contract	23.02	27,176,106	39,378,891
Manufacturing Depreciation	23.03	31,408,962	29,436,542
Factory Overhead	23.04	36,873,963	40,731,067
		1,165,670,076	**1,175,302,988**
23.01 Direct Labour			
Wages		177,048,463	152,414,961
Canteen Expenses		688,492	888,141
Overtime - Worker		36,757,754	41,605,961
Festival Bonus-Workers		12,499,678	8,316,777
Life Insurance Contributions-Workers		-	25,000
Welfare Expenses - Workers		343,949	164,780
Uniform Expenses		1,000	450
Maternity Allowance		2,622,206	1,594,870
		229,961,542	**205,010,939**
23.02 Sub Contract			
Sub Contracting Exp.		27,176,106	39,378,891
		27,176,106	**39,378,891**
23.03 Manufacturing Depreciation			
Depreciation - Plant & Machineries		26,228,476	25,449,054
Depreciation - Electrical Installations		3,980,202	3,250,229
Depreciation - Low Value Assets		1,200,284	737,259
		31,408,962	**29,436,542**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

	Notes	2021 BDT	2020 BDT
23.04 Factory Overhead			
Consump - Factory Consumables		918,131	1,031,479
Plant and Machinery Hire Charges		2,576,613	1,593,439
Repair & Maintenance - Electrical Equipment		349,934	211,278
Loading & Unloading Charges		18,101	56,686
MEP & Other Consumables		2,272,165	3,239,839
Tiffin Expenses		879,513	411,203
Medical Benefits & Expenses		49,012	94,481
Security Charges		-	2,215,043
Expatriate Work Permit/Visa Charges		232,750	83,163
Incentives to Employees		-	129,600
Staff Welfare Expenses		76,214	684,761
Welfare Fund Expenses		-	400
Factory Audit Charges on comp A/C		2,322,962	1,123,972
Repairs & Maintenance - Building		-	214,449
Repairs & Maintenance - Vehicle		219,171	93,625
Repairs & Maintenance - Others		254,401	359,065
Repairs & Maintenance - Furniture & Office Equip.		-	119,172
Repairs & Maintenance - Computer Equipments		62,378	94,880
Repairs & Maintenance - Generator		269,168	183,850
Repairs & Maintenance - Air Conditioners		-	3,842
Generator Running & Fuel		9,750	9,750
Diesel for Boiler		11,815,953	11,982,036
Electricity Charges		11,437,714	12,397,194
Water Charges		3,145	6,330
Housekeeping & Cleaning Expenses		11,400	3,557,264
Annual Maintenance Contract		304,740	160,851
Printing & Stationery		414,757	253,989
Printing Expenses		33,484	53,435
Stationery expenses		6,248	9,773
Short & Excess Recovery		-	14,396
Festival Expenses-Others		2,336,260	341,823
		36,873,963	**40,731,067**
24.00 Other income			
Sales - Sample		309,698	1,063,138
Sales - Others		-	4,905,914
Export Incentives		18,008,008	28,983,818
Miscellanous Income		-	229
		18,317,706	**34,953,099**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

	Notes	2021	2020
		BDT	BDT

25.00 Administrative expenses

	Notes	2021 BDT	2020 BDT
Salary		120,458,214	125,272,479
Rewards Payment Exp.		12,000	-
Separation Benefit-Staff		-	69,459
Bonus - Staff		6,984,851	7,327,718
Staff Training Expenses		1,530,189	930,926
Retirement Benefits (MPF) - Staff		-	46,306
Recruitment Expenses		20,400	38,212
Insurance - Employees Health/Medical-Staff		607,014	-
Life Insurance Contributions-Staff		52,460	28,993
Immigration/Visa Expenses		20,486	488,790
Club & Membership Fees		-	12,300
Staff Allowance Expenses		2,379,732	3,832,995
Leave Encashment		5,035,556	3,356,626
Gratuity Expenses		8,397,350	6,641,128
Legal & Professional Charges		603,256	1,486,253
IT - Consultancy Charges		127,875	-
Auditors' Remuneration		1,276,400	1,069,216
Internal Audit Fees		891,000	992,465
Insurance - Marine Cargo		2,202,050	1,386,111
Insurance - Fire/Industrial All Risk Expenses		218,268	24,462
Insurance - Boiler & Pressure Vessels		23,498	2,591
Insurance - General		1,459,287	1,366,589
Insurance - Stock at Various Location		1,466,382	163,832
Insurance - Cash in Transit		-	4,140
Insurance - Cash in Safe		-	5,750
Insurance - Building		1,587,251	1,053,145
Insurance - Travel		-	6,657
Rent - Office		308,250	586,625
Service Expense		270,000	190,001
Business Tax		1,046,393	-
Car Hire Charges - On Call		10,423,879	11,903,575
Car Parking Charges		-	3,679
Vehicle Fuel		425,351	384,874
IT - Consumables		12,200	5,142
Office Supplies		2,860	40,583
Office Expenses		79,513	128,905
Postage & Stamps Expenses		101,033	15,570
Photoshoot Expenses		-	432,000
Courier Charges - Local		46,739	91,152
Telephone Expenses		3,396	1,840
Mobile Phones Expenses		1,022,719	1,113,883
Internet & Email Charges		386,387	333,501
Software Expenses		976,187	1,012,249
Website Subscription Charges		6,000	1,500
Donations		16,000	16,500
Gifts & Testimonials		-	148,203
Newspaper, Books & Periodicals		150	-
Travel Local		55,366	4,615
Travel - Business		-	270,049
Conveyance Expenses		792,321	772,949
Balance carried to next page		**171,328,264**	**173,064,537**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

	Notes	2021 BDT	2020 BDT
Balance broght forward from previous page		**171,328,264**	**173,064,537**
Directors Remuneration		2,808,000	2,808,000
CAF Claims Paid		2,550,238	651,664
Certificate of Origin Fees		67,120	73,023
Loss on Sale of Tangible Assets		17,543	-
Factory Audit - Complaince		38,550	719,414
Government Fees		205,762	102,300
Miscellenous Expenses		3,099,387	1,606,535
License Fees		291,620	165,261
Agent's Commission		6,110	542,017
EPB Expenses (Export Promotion Bureau)		-	8,000
Bank Charges - Others		1,769,692	4,106,920
Bank Charges - Export		4,369,515	4,392,027
Admin Recharge -Recruitment Expenses		-	610,740
Admin Recharge -Staff Welfare Expenses		220	250
Admin Recharge -Salaries		810,220	-
Admin Recharge -IT Consultancy Charges		325,237	-
Admin Recharge -Courier		77,815	338,006
Admin Recharge -Travel Local		-	20,082
Admin Recharge -Travel Overseas		-	30,580
Admin Recharge - Compliance expense		20,580	-
IFRS- Depreciation Lease		3,698,103	2,913,979
Pre-operative Exp Charged Off		547,072	1,479,279
		192,031,047	**193,632,615**

26.00 Marketing & selling expenses

		2021	2020
Testing Charges		6,428,807	5,219,952
Custom Clearing Charges		11,381,278	13,480,883
Sea Freight Charges		32,353	-
Courier Charges - Sampling		879,250	378,337
Air Freight Charges		2,331,289	3,213,774
Air Freight Charges (Uncosted)		-	259,824
Air Freight Charges BD		3,822	1,425,625
Handling/Transport Charges		11,317,377	11,350,392
Clearance Charges		1,836,634	2,446,112
Buying Commission		555,406	228,494
Demurrage - Shipping/Port		976,458	696,500
Inspection Fees		106,468	105,315
Courier Charges - International		3,923,908	4,042,119
Travel Overseas		335,170	8,620,891
Hotel Charges - Local		14,055	786,133
Buyer's Welcome Expenses		254,786	563,431
Advertisement Charges		6,200	144,938
Quality Control & Inspection Fees		138,000	115,000
Made Sample Expenses		2,130	200,695
Bought Sample Expenses		490,255	331,796
Bank Charges - LC		3,512,855	2,212,734
Bank LC Charges paid		-	250,000
Interco -Agent commission Expenses		-	89,019
		44,526,500	**56,161,962**

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

	Notes	2021 BDT	2020 BDT
27.00 Operating depreciation			
Depreciation - IT equipment's		4,998,429	4,961,960
Depreciation - Furniture & Fixtures		4,221,459	3,747,748
Depreciation - Office Equipment		203,008	182,952
Depreciation - Freehold Building		24,158,221	23,681,520
Amortization - Software/ERP		2,894,438	2,782,121
Depreciation - Other Equipment's		602,237	453,393
Depreciation Telephone Installation & Connection		48,428	38,555
Depreciation - Fire Protection & Prevention Equip.		62,993	36,160
Depreciation - Air Conditioners		180,853	110,846
		37,370,067	**35,995,256**
28.00 Finance (income)/ expenses			
Bank Interest Received		-	-
Interest - Other		4,515,059	2,943,745
Interest on Loan - other		982,222	698,974
IFRS- Interest Lease		305,996	370,298
Interest - Bank Over Draft		1,976,917	490,983
Interest expense on post employment benefit obligation		1,661,525	628,120
		9,441,719	**5,132,119**
29.00 Income tax expenses			
Current tax expenses	29.01	6,192,960	7,606,056
Deferred tax expenses/ (income)	29.02	(47,195,515)	-
		(41,002,554)	**7,606,056**
29.01 Current Tax expenses			
Corporate Taxation		-	452,943
Taxation- Others		6,192,960	7,144,054
Interest on Tax Provision		-	9,059
		6,192,960	**7,606,056**

Though GSSL in loss they have to pay minimum tax under section 82C of the income tax ordinence 1984. In current year GSSL adjusted the tax deducted at source accordingly.

	Notes	2021 BDT	2020 BDT
29.02 Deferred tax expenses/ (income)			
Closing balance of deferred tax assets from operation		(47,195,515)	-
Less: Opening balance of deferred tax assets from operation		-	-
		(47,195,515)	**-**
30.00 Actuary difference for the year (net of deferred tax)			
Closing balance of OCI for actuarial gain	30.01	2,526,598	3,705,732
Less: Opening balance of OCI for actuarial gain		3,705,732	-
		(1,179,134)	**3,705,732**
30.01 Closing balance of OCI for actuarial gain			
Net Actuarial gain or loss at the opening		3,705,732	-
Actuarial gain/(loss) for the year		(898,401)	3,705,732
Net Actuarial gain or loss at the year end		**2,807,331**	**3,705,732**
Less: deferred tax (assets)/liabilities on actuarial difference		(280,733)	-
		2,526,598	**3,705,732**

31.00 Related party disclosure

During the period under audit, the Company carried out a number of transactions with related parties in the normal course of business on an arm's length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosure.

Name of the parties	Type of relation	Nature of transaction	Opening Balance 01 Apr 2020	Transaction during the period	(Collection)/ payment during the period	Closing balance as at 31 Mar 2021
Green Apparel Industries Limited, Hong Kong	Parent	Purchase	(403,965,568)	(269,811,848)	164,777,058	(509,000,357)
		Sales	535,589,200	335,962,709	(518,665,333)	352,886,576
Progress Apparel (BD) Ltd	Associate Company	Sales	420,420	47,513,293	(36,767,741)	11,165,972
		Sales		8,350,000	(6,000,000)	2,350,000
Progress Manufacturing Group Limite	Associate Company	Sales	-	25,839,431	(22,857,048)	2,982,382
Norwest Industries Limited, Hong Kong	Associate Company	Sales	(2,349,600)	(925,192)	1,090,107	(2,184,684)
Poeticgem Limited	Associate Company	Sales	(1,400,423)	2,110,468	(705,045)	5,000
PDS FAR-EA	Associate Company	Sales		162,702	(40,000)	122,702
Styleberry Limited	Associate Company	Purchase	(1,407,020)	7,952,247	(6,545,227)	-
Design Arc Asia Limited	Associate Company	Purchase	(20,082)	60,246	(40,164)	-
Poeticgem International Limited	Associate Company	Sales	7,420		(2,815)	4,605
Poeticgem Limited	Associate Company	Sales	47,276,747	6,708,597	(33,553,102)	20,432,241
Simple Approach	Associate Company	Purchase	-	(5,179,166)	5,112,781	(66,385)
		Sales	3,790,728	32,043,861	(35,834,589)	-

32.00 Commitments and contingencies

Capital expenditure commitments

The company does not have significant capital commitments as at the financial statement date.

Contingent liabilities

Contingent Liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

33.00 General

33.01 Directors' remuneration for attending board meeting

No Board meeting attendance fee paid by the company.

33.02 Directors' remuneration for special service rendered.

During the audit period no remuneration has been paid to Managing Director and Directors.

33.03 Receivable from Directors

Nothing is receivable from the Director.

33.04 Employee information

The company has 2,149 salaried employees and 1,773 worker as on 30 June 2020. All of them receives total remuneration in excess of BDT 36,000 per annum.

34.00 Events after the reporting period

No significant event has been occurred after the reporting period to the date of signing of the financial statements to be considered for inclusion.

Fateh-UL-Islam
Managing Director
Green Smart Shirts Limited

Shahed Muhmud
Director
Green Smart Shirts Limited

A. QASEM & CO. GULSHAN DHAKA CHARTERED ACCOUNTANTS

Report of the Directors and Audited Financial Statements

Jcraft Array Limited

31 March 2021

Building a better
working world

JCRAFT ARRAY LIMITED

CONTENTS

JCRAFT ARRAY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity

The Company was principally involved in the trading of garments during the year ended 31 March 2021.

Results and dividends

The Company's profit for the year ended 31 March 2021 and its financial position as at 31 March 2021 are set out in the financial statements on pages 6 to 25.

The directors do not recommend the payment of any dividend in respect of the year.

Directors

The directors of the Company during the year were:

Abhiroop Jolly
Deepak Kumar Seth
Pallak Seth

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Jcraft Array Limited (the "Company") set out on pages 6 to 25, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the members of Jcraft Array Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

JCRAFT ARRAY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	3	18,026,647	1,837,752
Cost of sales		(14,384,811)	(1,519,139)
Gross profit		3,641,836	318,613
Other income	3	3,703	27,738
Selling and distribution expenses		(266,231)	-
Administrative expenses		(1,826,791)	(418,429)
Other operating expenses		(5)	(250)
Finance costs	5	(588)	-
Profit/(loss) before tax	4	1,551,924	(72,328)
Income tax expense	7	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,551,924	(72,328)

JCRAFT ARRAY LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
CURRENT ASSETS			
Trade receivables	9	15,004,413	1,276,965
Cash and cash equivalents		1,037,183	25,767
Total current assets		16,041,596	1,302,732
CURRENT LIABILITIES			
Trade payables		11,034,514	644,922
Other payables and accruals	10	331,563	210,966
Due to the immediate holding company	11(a)	2,782,170	144,373
Due to the fellow subsidiaries	11(a)	38,954	-
Total current liabilities		14,187,201	1,000,261
Net assets		1,854,395	302,471
EQUITY			
Share capital	8	389,000	389,000
Retained profits/(accumulated losses)		1,465,395	(86,529)
Total equity		1,854,395	302,471

....

Pallak Seth
Director

....

Deepak Kumar Seth
Director

JCRAFT ARRAY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Retained profits /(accumulated losses) HK$	Total equity HK$
At 31 March 2019	389,000	(14,201)	374,799
Loss and total comprehensive loss for the year	-	(72,328)	(72,328)
At 31 March 2020 and 1 April 2020	389,000	(86,529)	302,471
Profit and total comprehensive income for the year	-	1,551,924	1,551,924
At 31 March 2021	389,000	1,465,395	1,854,395

JCRAFT ARRAY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOW FROM AN OPERATING ACTIVITY			
Profit/(loss) before tax		1,551,924	(72,328)
Adjustment for impairment of trade receivables	4	64,747	17,684
		1,616,671	(54,644)
Increase in trade receivables		(13,792,195)	(1,294,649)
Increase in trade payables		10,389,592	644,922
Increase in other payables and accruals		120,597	210,966
Decrease in an amount due from a shareholder		-	58,350
Increase in an amount due to the immediate holding company		2,637,797	451,621
Increase in amounts due to fellow subsidiaries		38,954	-
Net cash flow from operating activities and net increase in cash and cash equivalents		1,011,416	16,566
Cash and cash equivalents at beginning of year		25,767	9,201
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,037,183	25,767
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		1,037,183	25,767

1. CORPORATE INFORMATION

Jcraft Array Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

The Company was principally involved in the trading of garments during the year ended 31 March 2021.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Subsequent measurement of financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract liabilities
A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities of the Company are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Determination of functional currency

The Company measures foreign currency transactions in its functional currency. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 9 to the financial statements.

3. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	18,026,647	1,837,752

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

3. REVENUE AND OTHER INCOME (continued)

An analysis of other income is as follows:

	2021 HK$	2020 HK$
Other income		
Recovery from suppliers	3,703	27,738

4. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging:

	Note	2021 HK$	2020 HK$
Auditor's remuneration		12,000	12,000
Impairment of trade receivables	9	64,747	17,684
Foreign exchange loss, net		5	-

5. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on letters of credit	588	-

6. DIRECTORS' REMUNERATION

None of the director received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year.

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the Hong Kong statutory tax rate of 16.5% (2020:16.5%) to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit/(loss) before tax	1,551,924	(72,328)
Tax at the Hong Kong statutory tax rate	256,067	(11,934)
Income not deductible for tax	(601,514)	(57,148)
Expenses not deductible for tax	345,447	69,082
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

8. SHARE CAPITAL

	2021 HK$	2020 `HK$
Issued and fully paid:		
50,000 (2020: 50,000) ordinary shares	389,000	389,000

9. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	15,086,844	1,294,649
Less: Impairment	(82,431)	(17,684)
	15,004,413	1,276,965

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	17,684	-
Impairment of trade receivables (note 4)	64,747	17,684
At end of year	82,431	17,684

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

9. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.55%	-	-	-	0.55%
Gross carrying amount	15,086,844	-	-	-	15,086,844
Expected credit losses	82,431	-	-	-	82,431

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.37%	1.37%	-	-	1.37%
Gross carrying amount	768,117	526,532	-	-	1,294,649
Expected credit losses	10,492	7,192	-	-	17,684

10. OTHER PAYABLES AND ACCRUALS

	Note	2021 HK$	2020 HK$
Accruals		284,966	12,000
Contract liabilities	(i)	46,597	198,966
		331,563	210,966

Note:

(i) Details of contract liabilities as at 31 March are as follows:

	2021 HK$	2020 HK$
Short-term advances received from customers		
Sales of goods	46,597	198,966

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities was mainly due to the decrease in short-term advances received from customers in relation to the future sales of garments at the end of the year.

11. RELATED PARTY TRANSACTIONS

(a) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

12. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade payables, financial liabilities included in other payables and accruals and amounts due to the immediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

13. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITY

Management has assessed that the fair values of trade receivables, cash and cash equivalents, trade payables, financial liabilities included in other payables and accruals, balances with the immediate holding company and fellow subsidiaries, approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. This risk is managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality.

Maximum exposure and year-end staging
The tables below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	15,086,844	15,086,844
Cash and cash equivalents					
- Not yet past due	1,037,183	-	-	-	1,037,183
	1,037,183	-	-	15,086,844	16,124,027

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	1,294,649	1,294,649
Cash and cash equivalents					
- Not yet past due	25,767	-	-	-	25,767
	25,767	-	-	1,294,649	1,320,416

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 9 to the financial statements.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and 2020.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Report of the Directors and Audited Financial Statements

KINDRED BRANDS LIMITED

31 March 2021

EY 安永

Building a better
working world

KINDRED BRANDS LIMITED

CONTENTS

KINDRED BRANDS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The Company was inactive during the year.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 19.

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Ajai Singh

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retires and a resolution for its reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

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Independent auditor's report
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Kindred Brands Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended , and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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Independent auditor's report (continued)
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)
To the members of Kindred Brands Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst + Young

Certified Public Accountants
Hong Kong
27 May 2021

KINDRED BRANDS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Other income and gains	3	-	102
Administrative expenses		(22,249)	(21,328)
Other operating expenses		(250)	(250)
LOSS BEFORE TAX	4	(22,499)	(21,476)
Income tax expense	6	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(22,499)	(21,476)

KINDRED BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	7,780	(94,384)	(86,604)
Loss and total comprehensive loss for the year	-	(21,476)	(21,476)
At 31 March 2020 and 1 April 2020	7,780	(115,860)	(108,080)
Loss and total comprehensive loss for the year	-	(22,499)	(22,499)
At 31 March 2021	7,780	(138,359)	(130,579)

1. CORPORATE INFORMATION

Kindred Brands Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company is inactive during the year.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a); and
   a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate to the tax amount at the Company's effective tax rate is as follows:

	2021 HK$	2020 HK$
Loss before tax	(22,499)	(21,476)
Tax credit at the statutory tax rate	(3,712)	(3,544)
Expenses not deductible for tax	3,712	3,544
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year (2020: Nil) and as at the end of the reporting period (2020: Nil).

7. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid: 1,000 (2020: 1,000) ordinary shares	7,780	7,780

8. RELATED PARTY TRANSACTIONS

(a) The balance with the immediate holding company is unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 5 to the financial statements.

9. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company are cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position. The financial liabilities of the Company comprise accruals and an amount due to the immediate holding company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of each reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months subsequent to the end of each reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

12. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 27 May 2021.

Report of the Directors and Audited Financial Statements

KLEIDER SOURCING HONG KONG LIMITED

31 March 2021

Building a better working world

KLEIDER SOURCING HONG KONG LIMITED

CONTENTS

KLEIDER SOURCING HONG KONG LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activities
The principal activities of the Company have not changed during the year consist of the trading of garments and investment holding.

Results and dividends
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 24.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Iftekhar Ullah Khan
Ashok Kumar Sanghi

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its subsidiary, holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its subsidiary, holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Kleider Sourcing Hong Kong Limited (the "Company") set out on pages 5 to 24, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)
To the members of Kleider Sourcing Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	808,100	40,069,302
Cost of sales		(689,112)	(35,573,439)
Gross profit		118,988	4,495,863
Other income and gains	4	272,703	64,869
Selling and distribution expenses		(5,421)	(304,896)
Administrative expenses		(1,071,680)	(2,842,223)
Other operating expenses		(250)	(4,530)
Finance costs	6	-	(39,895)
PROFIT/(LOSS) BEFORE TAX	5	(685,662)	1,369,188
Income tax expense	8	(67,001)	(175,171)
PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(752,663)	1,194,017

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Investment in a subsidiary	9	9,901,358	9,901,358
Property, plant and equipment	10	-	-
Total non-current assets		9,901,358	9,901,358
CURRENT ASSETS			
Other receivable		300	300
Due from a subsidiary	13(b)	3,814,907	3,814,907
Due from a fellow subsidiary	13(b)	305,855	1,322,600
Cash and cash equivalents		367,370	110,210
Total current assets		4,488,432	5,248,017
CURRENT LIABILITIES			
Other payables and accruals	11	543,230	493,175
Due to the immediate holding company	13(b)	5,588,958	5,157,109
Due to an intermediate holding company	13(b)	49,297	-
Due to fellow subsidiaries	13(b)	1,917,620	2,105,643
Due to a related party	13(c)	-	350,100
Tax payables		24,751	24,751
Total current liabilities		8,123,856	8,130,778
NET CURRENT LIABILITIES		(3,635,424)	(2,882,761)
Net assets		6,265,934	7,018,597
EQUITY			
Share capital	12	77,800	77,800
Reserves		6,188,134	6,940,797
Total equity		6,265,934	7,018,597

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Pallak Seth
Director

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Deepak Kumar Seth
Director

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2019	77,800	5,746,780	5,824,580
Profit for the year and total comprehensive income for the year	-	1,194,017	1,194,017
At 31 March 2020 and 1 April 2020	77,800	6,940,797	7,018,597
Loss for the year and total comprehensive loss for the year	-	(752,663)	(752,663)
At 31 March 2021	77,800	6,188,134	6,265,934

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(685,662)	1,369,188
Adjustments for:			
Interest income	4	-	(1,137)
Depreciation of property, plant and equipment	5	-	4,280
Finance costs	6	-	39,895
Reversal of impairment of trade receivables	5	-	(146,160)
		(685,662)	1,266,066
Decrease in trade receivables		-	53,499,030
Decrease in other receivables		-	4,659
Changes in balances with a subsidiary		-	(3,851,100)
Changes in balances with fellow subsidiaries		828,722	760,358
Decrease in trade payables		-	(41,672,903)
Increase in other payables and accruals		50,055	342,511
Decrease in an amount due to a related company		(350,100)	(4,668,001)
Increase in an amount due to the immediate holding company		431,849	156,767
Increase/(decrease) in an amount due to an intermediate holding company		49,297	(491,727)
Cash generated from operations		324,161	5,345,660
Interest received		-	1,137
Interest paid		-	(39,895)
Hong Kong profits tax paid		(67,001)	(2,019,497)
Net cash flows from operating activities		257,160	3,287,405
CASH FLOWS FROM A FINANCING ACTIVITY			
Repayment of bank loans		-	(3,723,784)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		257,160	(436,379)
Cash and cash equivalents at beginning of year		110,210	546,589
CASH AND CASH EQUIVALENTS AT END OF YEAR		367,370	110,210
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		367,370	110,210

1. CORPORATE INFORMATION

Kleider Sourcing Hong Kong Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building 140-142, Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garments and investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared under the going concern concept, notwithstanding that the Company had net current liabilities as at the end of the reporting period, as the Company's ultimate holding company has agreed to provide adequate funds for the Company to meet its liabilities for the ensuing financial year.

2.2 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. They are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The result of subsidiary is included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment loss.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rate used for office equipment is 33⅓%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment and other financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (continued)
When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

Subsequent measurement of financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions
A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Commission income is recognised at the point in time when the control of the goods or service is transferred to the customers.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of revenue and other income and gains is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	808,100	40,069,302
Other income and gains		
Commission income	264,559	-
Interest income	-	1,137
Foreign exchange gain, net	2,256	3,637
Others	5,888	60,095
	272,703	64,869

5. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	Note	2021 HK$	2020 HK$
Auditor's remuneration		37,015	33,237
Depreciation of property, plant and equipment	10	-	4,280
Reversal of impairment of trade receivables		-	(146,160)
Foreign exchange differences, net#		(2,256)	(3,637)

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

6. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank loans	-	39,895

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year ended 31 March 2021.

Hong Kong profits tax had been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2020.

	2021 HK$	2020 HK$
Current – Hong Kong		
Charge for the year	-	225,757
Underprovision/(overprovision) in prior years	67,001	(50,586)
Total tax charge for the year	67,001	175,171

8. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax at the statutory rate to the tax charge/(credit) at the Company's effective tax rate is as follows:

	2021 HK$	2020 HK$
Profit/(loss) before tax	(685,662)	1,369,188
Tax charge at the Hong Kong statutory tax rate	(113,134)	225,916
Adjustments in respect of current tax of previous periods	67,001	(50,586)
Income not subject to tax	(449)	(865)
Expenses not deductible for tax	-	706
Tax losses not recognised	113,583	-
Tax charge at the Company's effective rate	67,001	175,171

As at 31 March 2021, the Company had tax losses arising in Hong Kong of HK$688,382 (2020: Nil) that are available indefinitely for offsetting against future taxable profits of the Company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as the Company was loss-making in the current year and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

9. INVESTMENT IN A SUBSIDIARY

	2021 HK$	2020 HK$
Unlisted investment, at cost	9,901,358	9,901,358

Information about subsidiary

Particulars of the Company's subsidiary as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity directly attributable to the Company 2021	2020	Principal activities
Kleider Soucing Limited	Bangladesh	Bangladeshi Takas ("BDT") 99,900,000	99.97%	99.97%	Trading of garment products

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2021	
At 31 March 2020, 1 April 2020 and 31 March 2021:	
Cost	7,300
Accumulated depreciation	(7,300)
Net carrying amount	-
31 March 2020	
At 1 April 2019:	
Cost	7,300
Accumulated depreciation	(3,020)
Net carrying amount	4,280
At 1 April 2019, net of accumulated depreciation	4,280
Depreciation provided during the year	(4,280)
At 31 March 2020, net of accumulated depreciation	-
At 31 March 2020:	
Cost	7,300
Accumulated depreciation	(7,300)
Net carrying amount	-

11. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Other payables	510,230	463,175
Accruals	33,000	30,000
	543,230	493,175

Other payables are non-interest-bearing and have an average term of three months.

12. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	77,800	77,800

13. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Fellow subsidiaries:		
Support services fee paid	606,243	805,106

(b) The balances with an intermediate holding company, the immediate holding company, fellow subsidiaries and a subsidiary are unsecured, interest-free and repayable on demand.

(c) The related company is a joint venture of the Company's immediate holding company, Norwest Industries Limited. In additional, Pallak Seth, a director of the Company, is a member of the key management personnel of the related company.

The amount due to a related company is unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

14. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise other receivable, amounts due from a subsidiary and a fellow subsidiary, and cash and cash equivalents which are categorised as financial assets at amortised costs. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals, and amounts due to the immediate holding company, an intermediate holding company, fellow subsidiaries and a related party which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of other receivable, cash and cash equivalents, financial liabilities included in other payables and accruals, balances with the immediate holding company, an intermediate holding company, fellow subsidiaries, a subsidiary and a related company approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk (continued)

Maximum exposure and year-end staging

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise other receivable, amounts due from a subsidiary and a fellow subsidiary and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

The amounts due from a subsidiary and a fellow subsidiary, other receivable and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of other receivable and amounts due from a subsidiary and a fellow subsidiary are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or are repayable within one year.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Kleider Sourcing FZCO

Financial Statements
For the year ended March 31, 2021

Kleider Sourcing FZCO
Financial Statements
For the year ended March 31, 2021

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KLEIDER SOURCING FZCO

Office No. 5WA 302, Dubai Airport Free Zone, Dubai, UAE, PO Box no. 371584

Directors' report

The Directors have the pleasure in submitting their report together with the audited financial statements of Kleider Sourcing FZCO ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Kleider Sourcing FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net profit of AED 9,819,850 for the year ended March 31, 2021 (2020: AED 14,167,784).

2. Directors

The Directors of the Company during the year and to the date of this report are as follows: -

- Mr. Vineet Mathur;
- Mr. Iftekhar Ullah Khan;
- Mr. Deepak Kumar Seth; and
- Mr. Pallak Seth

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

KLEIDER SOURCING FZCO DAFZA Dubai - U.A.E

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

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Independent Auditor's Report
To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kleider Sourcing FZCO (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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.

Other Matter

The financial statements of the Company for the period ended March 31, 2020 were audited by another auditor, who have expressed an unmodified opinion on those statements on 28 June 2020.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements (continued)

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 IFRSs and their preparation in compliance with the applicable provisions of Dubai Airport Free Zone Implementing Regulations 2021, 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 based on 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Dubai Airport Free Zone Implementing Regulations 2021, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief no other violations of above-mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton
P.O. Box: 1620
DUBAI-U.A.E.
Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, September 9, 2021

Kleider Sourcing FZCO
Financial Statements

Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Right-of-use asset	6	**93,563**	223,482
		93,563	223,482
Current			
Trade and other receivables	7	**15,635,813**	15,932,796
Amounts due from related parties	8	**762,720**	1,172,276
Cash and cash equivalents	9	**2,226,518**	4,316,822
		18,625,051	21,421,894
TOTAL ASSETS		**18,718,614**	21,645,376
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**100,000**	100,000
Retained earnings		**3,169,328**	5,511,616
TOTAL EQUITY		**3,269,328**	5,611,616
LIABILITIES			
Current			
Trade and other payables	12	**15,012,871**	14,941,414
Amounts due to related parties	8	**436,415**	286,698
Finance lease liabilities	11	-	125,408
Short-term borrowings	13	-	680,240
TOTAL LIABILITIES		**15,449,286**	16,033,760
TOTAL EQUITY AND LIABILITIES		**18,718,614**	21,645,376

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

The accompanying notes from 1 to 22 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	For the period from January 17,2019 to March 31, 2020 AED
Revenue	14	**128,472,205**	155,365,358
Cost of sales	15	**(114,717,666)**	(140,147,969)
GROSS PROFIT		**13,754,539**	15,217,389
Administrative, selling and general expenses	16	**(4,933,933)**	(2,161,232)
Other income	17	**1,046,866**	1,140,791
Finance cost	18	**(47,622)**	(29,164)
NET PROFIT FOR THE YEAR/PERIOD		**9,819,850**	14,167,784
Other comprehensive income for the year/period		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**9,819,850**	14,167,784

The accompanying notes from 1 to 22 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2021

	Share capital AED	Retained earnings AED	Total equity AED
Share capital introduced	100,000	-	100,000
Net profit for the period	-	14,167,784	14,167,784
Dividend declared (note 10.1)	-	(8,656,168)	(8,656,168)
Balance at March 31, 2020	100,000	5,511,616	5,611,616
Net profit for the year	-	9,819,850	9,819,850
Dividend declared (note 10.1)	-	(12,162,138)	(12,162,138)
Balance at March 31, 2021	**100,000**	**3,169,328**	**3,269,328**

The accompanying notes from 1 to 22 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17,2019 to March 31, 2020 AED
OPERATING ACTIVITIES			
Net profit for the year/period		**9,819,850**	14,167,784
Adjustments for:			
Depreciation on right-of-use asset	6	**129,919**	127,704
Finance cost	18	**47,622**	29,164
COVID-19 related rent concession	11	**(26,315)**	-
Provision for expected credit loss	15	**159,923**	-
Operating cash flows before working capital changes		**9,949,769**	14,324,652
Net changes in working capital:			
Trade and other receivables		**137,060**	(15,932,796)
Amounts due from related parties		**409,556**	(1,172,276)
Trade and other payables		**698,525**	13,420,176
Amounts due to related parties		**149,717**	286,698
Net cash generated from operating activities		**11,510,757**	10,926,454
FINANCING ACTIVITY			
Repayment of finance lease liabilities	11	**(105,300)**	(236,515)
Net movement in borrowings		**(1,225,952)**	680,240
Interest paid on borrowings	18	**(41,415)**	(18,427)
Dividend paid		**(12,789,206)**	(7,134,930)
Proceeds from share capital issued		**-**	100,000
Net cash used in financing activity		**(13,601,061)**	(6,609,632)
Net change in cash and cash equivalents		**(2,090,304)**	4,316,822
Cash and cash equivalents, beginning of year/period		**4,316,822**	-
Cash and cash equivalents, end of year/period	9	**2,226,518**	4,316,822

The accompanying notes from 1 to 22 form an integral part of these financial statements.

1 Legal status and nature of operations

Kleider Sourcing FZCO ("the Company") is a free zone company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is office no.302, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius. PDS Multinational Fashions Limited, India is the Ultimate Parent Company.

The principal activities of the Company are trading in garments accessories, handbags and leather products and readymade garments. The Company has commenced its business activities from 8 May 2019.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made except for the following amendment which has a significant impact on the financial statements:

COVID-19 Rent Related Concessions (Amendments to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 'Leases'. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The effect of applying the practical expedient is disclosed in note 11 to the financial statements.

4 Standards, interpretations and amendments to existing standards (continued)

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

5.1 Overall considerations

The significant accounting policies have been used in the preparation of these financial statements and which are consistent in previous years are summarised below.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

5.2 Foreign currency

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.3 Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

.All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').;
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 19.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of trade and other payables, finance lease liabilities and amounts due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

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

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior periods' retained profits and losses.

5.6 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

5 Summary of significant accounting policies (continued)

5.6 Provisions and contingent liabilities (continued)

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

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 Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company 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.

5 Summary of significant accounting policies (continued)

5.7 Revenue

- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

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

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

5.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

5 Summary of significant accounting policies (continued)

5.8 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Lease payments not recognized as a liability

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.9 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5 Significant accounting policies (continued)

5.10 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)
For the year ended March 31, 2021

6 Right-of-use asset

Office premises	2021 AED	2020 AED
Cost		
Balance at April 1,	**351,186**	-
Additions	**-**	351,186
Balance at March 31,	**351,186**	351,186
Accumulated depreciation		
Balance at April 1,	**127,704**	-
Charge for the year (note 16)	**129,919**	127,704
Balance at March 31,	**257,623**	127,704
Carrying amount as at March 31,	**93,563**	223,482

7 Trade and other receivables

	2021 AED	2020 AED
Financial assets		
Trade receivables, gross	**15,780,682**	15,908,772
Less: provision for expected credit loss	**(159,923)**	-
Trade receivables, net	**15,620,759**	15,908,772
Non-financial assets		
Prepayments	**12,024**	12,024
Other receivables	**3,030**	12,000
	15,635,813	15,932,796

Movement in provision for expected credit loss on trade receivables is as below:

	2020 AED	2019 AED
Opening balance	**-**	-
Charge for the year (note 16)	**159,923**	-
Closing balance	**159,923**	-

8 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. The transactions are measured at amounts agreed to by both parties.

8 Related parties (continued)

Amounts due from related parties

	2021 AED	2020 AED
Entities under common control		
Design Arc FZCO	762,720	285,620
Spring Near East FZCO	-	491,386
Twins Asia FZCO	-	27,525
Shareholders		
Iftekhar Ullah Khan	-	247,072
Md Abu Toab Nayan	-	81,360
Mohammad Morshed Alam	-	39,313
	762,720	1,172,276

Amounts due to related parties

	2021 AED	2020 AED
Entity under common control		
Multinational Textiles Group Limited	286,698	286,698
Kleider Sourcing HK ltd	3,288	-
Kleider Sourcing Ltd BD	144,279	-
Spring Near East FZCO	2,150	-
	436,415	286,698

9 Cash and cash equivalents

	2021 AED	2020 AED
Cash at bank	2,226,518	4,316,822
	2,226,518	4,316,822

10 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of AED 1,000 (2020: AED 1,000) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2021 AED	2020 AED
Total shares issued and fully paid at March 31,	100	100

10 Share capital (continued)

Name of Shareholders	Number of shares	% Holding	2021 AED	2020 AED
Multinational Textile Group Limited	41	41%	41,000	41,000
Pallak Seth	10	10%	10,000	10,000
Iftekhar Ullah Khan	34	34%	34,000	34,000
Md Abu Toab Nayan	10	10%	10,000	10,000
Mohammad Morshed Alam	5	5%	5,000	5,000
	100	100%	100,000	100,000

10.1 Dividend

During the year, the Company declared interim dividend of AED 5,038,448 on April 16 2020, AED 1,985,839 on July 20, 2020, AED 3,376,400 on October 21, 2020 and AED 1,761,600 on January 22, 2021. Dividend amounting to AED 133,551 was unpaid as on March 31, 2021. (Refer note 12)

During the previous year, the Company declared interim dividend of AED 2,385,500 on July 1, 2019, AED 3,258,523 on October 20, 2019 and AED 3,012,145 on January 19, 2020. Dividend amounting to AED 760,619 was unpaid as on March 31, 2020. (Refer note 12)

11 Finance lease liability

	2021 AED	2020 AED
As at April 1,	125,408	-
Addition	-	351,186
Finance cost	6,207	10,737
COVID-19 related rent concession (a)	(26,315)	-
Repayments during the year	(105,300)	(236,515)
As at March 31,	-	125,408

Finance lease liability is repayable as follows:

	Within one year AED	More than one year AED	Total AED
2020			
Finance lease liability	125,408	-	125,408

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year AED
2020	
Lease payments	131,615
Finance charges	(6,207)
Net present value	125,408

11 Finance lease liability (continued)

(a) Rent concessions

As discussed in Note 4, the Company has adopted the practical expedient issued by the International Accounting Standards Board whereby it has accounted for the rent concessions which are a direct consequence of the COVID-19 pandemic.

The adoption of the practical expedient has resulted in the reduction of total lease liabilities and a gain in the statement of comprehensive income by AED 26,315 recorded under other income.

12 Trade and other payables

	2021 AED	2020 AED
Financial liabilities		
Trade payables	**14,580,044**	14,146,795
Other payable	**253,544**	-
Dividend payable (note 10.1)	**133,551**	760,619
Accruals	**45,732**	34,000
	15,012,871	14,941,414

13 Short-term borrowings

The Company had obtained a working capital facility of USD 3.95 million from a bank. The loans under the facility were repayable within a period of 60 days and the applicable interest rate on the loans was 3-month LIBOR plus 1.08%. These loans were fully repaid during the year.

14 Revenue

	2021 AED	2020 AED
Sale of garments	**131,414,000**	158,608,090
Sales & marketing commission	**724,805**	1,328,241
Discount to customer	**(3,666,599)**	(4,570,974)
	128,472,206	155,365,358

15 Cost of sales

	2021 AED	2020 AED
Cost of goods sold	**114,675,461**	140,141,091
Claims & penalty from customer	**42,205**	6,878
	114,717,666	140,147,969

Notes to the financial statements (continued)
For the year ended March 31, 2021

16 Administrative, selling and general expenses

	2021 AED	2020 AED
Commission expenses	**3,069,955**	976,220
Bank charges	**897,902**	833,659
Sample expenses	**163,380**	-
Provision for expected credit loss (note 7)	**159,923**	-
Legal and professional fees	**149,721**	160,821
Intercompany management expenses	**144,279**	-
Depreciation on right-of-use asset (note 6)	**129,919**	127,704
Air freight	**115,797**	-
Design consultancy fees	**74,805**	-
Rent expense	**-**	26,676
Other	**28,252**	36,152
	4,933,933	2,161,232

17 Other income

	2021 AED	2020 AED
Bank LC recovery	**1,020,551**	1,140,791
COVID-19 related rent concession	**26,315**	-
	1,046,866	1,140,791

18 Finance cost

	2021 AED	2020 AED
Interest on finance lease liabilities (note 11)	**6,207**	10,737
Interest on short-term borrowings	**41,415**	18,427
	47,622	29,164

19 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

19.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in one of these currencies. The AED is effectively pegged to the USD. The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in EUR and AUD. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in EUR and AUD at the reporting date.

19.2 Credit risk analysis

	Note	2021 AED	2020 AED
Financial assets			
Trade and other receivables	7	**15,620,759**	15,908,772
Amounts due from related parties	8	**762,720**	1,172,276
Cash at bank	9	**2,226,518**	4,316,822
		18,609,997	21,397,870

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. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

19 Financial instruments risk (continued)

19.2 Credit risk analysis (continued)

Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information in relation to customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

19.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any future commitments, and this minimizes the risks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2021	**Less than 1 year**
Trade and other payables (note 12)	**15,012,871**
Amounts due to related parties (note 8)	**436,415**
Total	**15,449,286**

As at March 31, 2020	Less than 1 year
Trade and other payables (note 12)	14,941,414
Finance lease liability (note 11)	131,615
Amounts due to related parties (note 8)	286,698
Short-term borrowings	680,240
Total	16,039,967

20 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

21 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

22 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

Kleider Sourcing FZCO

Financial Statements
For the year ended March 31, 2021

Kleider Sourcing FZCO
Financial Statements
For the year ended March 31, 2021

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Directors' report

The Directors have the pleasure in submitting their report together with the audited financial statements of Kleider Sourcing FZCO ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Kleider Sourcing FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net profit of AED 9,819,850 for the year ended March 31, 2021 (2020: AED 14,167,784).

2. Directors

The Directors of the Company during the year and to the date of this report are as follows: -

- Mr. Vineet Mathur;
- Mr. Iftekhar Ullah Khan;
- Mr. Deepak Kumar Seth; and
- Mr. Pallak Seth

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

Grant Thornton UAE
Dubai
Rolex Tower, Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai, UAE

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Independent Auditor's Report
To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Kleider Sourcing FZCO (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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.

Other Matter

The financial statements of the Company for the period ended March 31, 2020 were audited by another auditor, who have expressed an unmodified opinion on those statements on 28 June 2020.

Independent Auditor's Report
To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements (continued)

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 IFRSs and their preparation in compliance with the applicable provisions of Dubai Airport Free Zone Implementing Regulations 2021, 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 based on 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Independent Auditor's Report

To the Shareholders of Kleider Sourcing FZCO

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Dubai Airport Free Zone Implementing Regulations 2021, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief no other violations of above-mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, September 9, 2021

Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Right-of-use asset	6	**93,563**	223,482
		93,563	223,482
Current			
Trade and other receivables	7	**15,635,813**	15,932,796
Amounts due from related parties	8	**762,720**	1,172,276
Cash and cash equivalents	9	**2,226,518**	4,316,822
		18,625,051	21,421,894
TOTAL ASSETS		**18,718,614**	21,645,376
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**100,000**	100,000
Retained earnings		**3,169,328**	5,511,616
TOTAL EQUITY		**3,269,328**	5,611,616
LIABILITIES			
Current			
Trade and other payables	12	**15,012,871**	14,941,414
Amounts due to related parties	8	**436,415**	286,698
Finance lease liabilities	11	-	125,408
Short-term borrowings	13	-	680,240
TOTAL LIABILITIES		**15,449,286**	16,033,760
TOTAL EQUITY AND LIABILITIES		**18,718,614**	21,645,376

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

The accompanying notes from 1 to 22 form an integral part of these financial statements.

Kleider Sourcing FZCO
Financial Statements

Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	For the period from January 17,2019 to March 31, 2020 AED
Revenue	14	**128,472,205**	155,365,358
Cost of sales	15	**(114,717,666)**	(140,147,969)
GROSS PROFIT		**13,754,539**	15,217,389
Administrative, selling and general expenses	16	**(4,933,933)**	(2,161,232)
Other income	17	**1,046,866**	1,140,791
Finance cost	18	**(47,622)**	(29,164)
NET PROFIT FOR THE YEAR/PERIOD		**9,819,850**	14,167,784
Other comprehensive income for the year/period		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		**9,819,850**	14,167,784

The accompanying notes from 1 to 22 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2021

	Share capital AED	Retained earnings AED	Total equity AED
Share capital introduced	100,000	-	100,000
Net profit for the period	-	14,167,784	14,167,784
Dividend declared (note 10.1)	-	(8,656,168)	(8,656,168)
Balance at March 31, 2020	100,000	5,511,616	5,611,616
Net profit for the year	-	9,819,850	9,819,850
Dividend declared (note 10.1)	-	(12,162,138)	(12,162,138)
Balance at March 31, 2021	**100,000**	**3,169,328**	**3,269,328**

The accompanying notes from 1 to 22 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17,2019 to March 31, 2020 AED
OPERATING ACTIVITIES			
Net profit for the year/period		**9,819,850**	14,167,784
Adjustments for:			
Depreciation on right-of-use asset	6	**129,919**	127,704
Finance cost	18	**47,622**	29,164
COVID-19 related rent concession	11	**(26,315)**	-
Provision for expected credit loss	15	**159,923**	-
Operating cash flows before working capital changes		**9,949,769**	14,324,652
Net changes in working capital:			
Trade and other receivables		**137,060**	(15,932,796)
Amounts due from related parties		**409,556**	(1,172,276)
Trade and other payables		**698,525**	13,420,176
Amounts due to related parties		**149,717**	286,698
Net cash generated from operating activities		**11,510,757**	10,926,454
FINANCING ACTIVITY			
Repayment of finance lease liabilities	11	**(105,300)**	(236,515)
Net movement in borrowings		**(1,225,952)**	680,240
Interest paid on borrowings	18	**(41,415)**	(18,427)
Dividend paid		**(12,789,206)**	(7,134,930)
Proceeds from share capital issued		**-**	100,000
Net cash used in financing activity		**(13,601,061)**	(6,609,632)
Net change in cash and cash equivalents		**(2,090,304)**	4,316,822
Cash and cash equivalents, beginning of year/period		**4,316,822**	-
Cash and cash equivalents, end of year/period	9	**2,226,518**	4,316,822

The accompanying notes from 1 to 22 form an integral part of these financial statements.

1 Legal status and nature of operations

Kleider Sourcing FZCO ("the Company") is a free zone company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is office no.302, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius. PDS Multinational Fashions Limited, India is the Ultimate Parent Company.

The principal activities of the Company are trading in garments accessories, handbags and leather products and readymade garments. The Company has commenced its business activities from 8 May 2019.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made except for the following amendment which has a significant impact on the financial statements:

COVID-19 Rent Related Concessions (Amendments to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 'Leases'. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The effect of applying the practical expedient is disclosed in note 11 to the financial statements.

4 Standards, interpretations and amendments to existing standards (continued)

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

5.1 Overall considerations

The significant accounting policies have been used in the preparation of these financial statements and which are consistent in previous years are summarised below.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

5.2 Foreign currency

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.3 Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

.All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').;
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 19.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of trade and other payables, finance lease liabilities and amounts due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

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

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior periods' retained profits and losses.

5.6 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

5 Summary of significant accounting policies (continued)

5.6 Provisions and contingent liabilities (continued)

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

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 Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company 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.

5 Summary of significant accounting policies (continued)

5.7 Revenue

- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.

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

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

5.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

5 Summary of significant accounting policies (continued)

5.8 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Lease payments not recognized as a liability

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.9 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5 Significant accounting policies (continued)

5.10 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)
For the year ended March 31, 2021

6 Right-of-use asset

Office premises	2021 AED	2020 AED
Cost		
Balance at April 1,	**351,186**	-
Additions	**-**	351,186
Balance at March 31,	**351,186**	351,186
Accumulated depreciation		
Balance at April 1,	**127,704**	-
Charge for the year (note 16)	**129,919**	127,704
Balance at March 31,	**257,623**	127,704
Carrying amount as at March 31,	**93,563**	223,482

7 Trade and other receivables

	2021 AED	2020 AED
Financial assets		
Trade receivables, gross	**15,780,682**	15,908,772
Less: provision for expected credit loss	**(159,923)**	-
Trade receivables, net	**15,620,759**	15,908,772
Non-financial assets		
Prepayments	**12,024**	12,024
Other receivables	**3,030**	12,000
	15,635,813	15,932,796

Movement in provision for expected credit loss on trade receivables is as below:

	2020 AED	2019 AED
Opening balance	**-**	-
Charge for the year (note 16)	**159,923**	-
Closing balance	**159,923**	-

8 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. The transactions are measured at amounts agreed to by both parties.

8 Related parties (continued)

Amounts due from related parties

	2021 AED	2020 AED
Entities under common control		
Design Arc FZCO	**762,720**	285,620
Spring Near East FZCO	-	491,386
Twins Asia FZCO	-	27,525
Shareholders		
Iftekhar Ullah Khan	-	247,072
Md Abu Toab Nayan	-	81,360
Mohammad Morshed Alam	-	39,313
	762,720	1,172,276

Amounts due to related parties

	2021 AED	2020 AED
Entity under common control		
Multinational Textiles Group Limited	**286,698**	286,698
Kleider Sourcing HK ltd	**3,288**	-
Kleider Sourcing Ltd BD	**144,279**	-
Spring Near East FZCO	**2,150**	-
	436,415	286,698

9 Cash and cash equivalents

	2021 AED	2020 AED
Cash at bank	**2,226,518**	4,316,822
	2,226,518	4,316,822

10 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of AED 1,000 (2020: AED 1,000) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2021 AED	2020 AED
Total shares issued and fully paid at March 31,	**100**	100

10 Share capital (continued)

Name of Shareholders	Number of shares	% Holding	2021 AED	2020 AED
Multinational Textile Group Limited	41	41%	41,000	41,000
Pallak Seth	10	10%	10,000	10,000
Iftekhar Ullah Khan	34	34%	34,000	34,000
Md Abu Toab Nayan	10	10%	10,000	10,000
Mohammad Morshed Alam	5	5%	5,000	5,000
	100	100%	100,000	100,000

10.1 Dividend

During the year, the Company declared interim dividend of AED 5,038,448 on April 16 2020, AED 1,985,839 on July 20, 2020, AED 3,376,400 on October 21, 2020 and AED 1,761,600 on January 22, 2021. Dividend amounting to AED 133,551 was unpaid as on March 31, 2021. (Refer note 12)

During the previous year, the Company declared interim dividend of AED 2,385,500 on July 1, 2019, AED 3,258,523 on October 20, 2019 and AED 3,012,145 on January 19, 2020. Dividend amounting to AED 760,619 was unpaid as on March 31, 2020. (Refer note 12)

11 Finance lease liability

	2021 AED	2020 AED
As at April 1,	125,408	-
Addition	-	351,186
Finance cost	6,207	10,737
COVID-19 related rent concession (a)	(26,315)	-
Repayments during the year	(105,300)	(236,515)
As at March 31,	-	125,408

Finance lease liability is repayable as follows:

	Within one year AED	More than one year AED	Total AED
2020			
Finance lease liability	125,408	-	125,408

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year AED
2020	
Lease payments	131,615
Finance charges	(6,207)
Net present value	125,408

11 Finance lease liability (continued)

(a) Rent concessions

As discussed in Note 4, the Company has adopted the practical expedient issued by the International Accounting Standards Board whereby it has accounted for the rent concessions which are a direct consequence of the COVID-19 pandemic.

The adoption of the practical expedient has resulted in the reduction of total lease liabilities and a gain in the statement of comprehensive income by AED 26,315 recorded under other income.

12 Trade and other payables

	2021 AED	2020 AED
Financial liabilities		
Trade payables	**14,580,044**	14,146,795
Other payable	**253,544**	-
Dividend payable (note 10.1)	**133,551**	760,619
Accruals	**45,732**	34,000
	15,012,871	14,941,414

13 Short-term borrowings

The Company had obtained a working capital facility of USD 3.95 million from a bank. The loans under the facility were repayable within a period of 60 days and the applicable interest rate on the loans was 3-month LIBOR plus 1.08%. These loans were fully repaid during the year.

14 Revenue

	2021 AED	2020 AED
Sale of garments	**131,414,000**	158,608,090
Sales & marketing commission	**724,805**	1,328,241
Discount to customer	**(3,666,599)**	(4,570,974)
	128,472,206	155,365,358

15 Cost of sales

	2021 AED	2020 AED
Cost of goods sold	**114,675,461**	140,141,091
Claims & penalty from customer	**42,205**	6,878
	114,717,666	140,147,969

Notes to the financial statements (continued)
For the year ended March 31, 2021

16 Administrative, selling and general expenses

	2021 AED	2020 AED
Commission expenses	**3,069,955**	976,220
Bank charges	**897,902**	833,659
Sample expenses	**163,380**	-
Provision for expected credit loss (note 7)	**159,923**	-
Legal and professional fees	**149,721**	160,821
Intercompany management expenses	**144,279**	-
Depreciation on right-of-use asset (note 6)	**129,919**	127,704
Air freight	**115,797**	-
Design consultancy fees	**74,805**	-
Rent expense	**-**	26,676
Other	**28,252**	36,152
	4,933,933	2,161,232

17 Other income

	2021 AED	2020 AED
Bank LC recovery	**1,020,551**	1,140,791
COVID-19 related rent concession	**26,315**	-
	1,046,866	1,140,791

18 Finance cost

	2021 AED	2020 AED
Interest on finance lease liabilities (note 11)	**6,207**	10,737
Interest on short-term borrowings	**41,415**	18,427
	47,622	29,164

19 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

19.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in one of these currencies. The AED is effectively pegged to the USD. The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in EUR and AUD. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in EUR and AUD at the reporting date.

19.2 Credit risk analysis

	Note	**2021**	2020
		AED	AED
Financial assets			
Trade and other receivables	7	**15,620,759**	15,908,772
Amounts due from related parties	8	**762,720**	1,172,276
Cash at bank	9	**2,226,518**	4,316,822
		18,609,997	21,397,870

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. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

19 Financial instruments risk (continued)

19.2 Credit risk analysis (continued)

Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information in relation to customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

19.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any future commitments, and this minimizes the risks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2021	**Less than 1 year**
Trade and other payables (note 12)	**15,012,871**
Amounts due to related parties (note 8)	**436,415**
Total	**15,449,286**

As at March 31, 2020	Less than 1 year
Trade and other payables (note 12)	14,941,414
Finance lease liability (note 11)	131,615
Amounts due to related parties (note 8)	286,698
Short-term borrowings	680,240
Total	16,039,967

20 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value.

21 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

22 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

Report of the Directors and Audited Financial Statements

KRAYONS SOURCING LIMITED

31 March 2021

EY 安永
Building a better working world

KRAYONS SOURCING LIMITED

CONTENTS

KRAYONS SOURCING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The principal activity of the Company during the year is the trading of garments.

Results and dividends
The Company's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 40.

The directors do not recommend the payment of a final dividend in respect of the year.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Kapoor Rajnish

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

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Independent auditor's report
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Krayons Sourcing Limited (the "Company") set out on pages 5 to 40, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Krayons Sourcing Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young
Certified Public Accountants
Hong Kong
27 May 2021

KRAYONS SOURCING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	3	285,920,055	196,774,819
Cost of sales		(249,477,920)	(173,633,308)
Gross profit		36,442,135	23,141,511
Other income and gains	3	1,123,771	4,558,370
Selling and distribution costs		(6,122,724)	(3,921,570)
Administrative expenses		(11,217,573)	(10,981,159)
Other operating expenses		(356,289)	(431,863)
Finance costs	5	(434,158)	(977,398)
PROFIT BEFORE TAX	4	19,435,162	11,387,891
Income tax expense	7	-	-
PROFIT FOR THE YEAR		19,435,162	11,387,891
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit		(146,508)	(296,940)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(146,508)	(296,940)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		19,288,654	11,090,951

KRAYONS SOURCING LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	16	77,800	77,800
Retained profits		27,882,987	17,427,278
Total equity		27,960,787	17,505,078

....
Pallak Seth
Director

....
Deepak Kumar Seth
Director

KRAYONS SOURCING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		19,435,162	11,387,891
Adjustments for:			
Bank interest income	3	(79)	(169)
Depreciation of property, plant and equipment	4	215,351	256,803
Depreciation of right-of-use assets	4	300,414	255,404
Finance costs	5	434,158	977,398
Impairment/(reversal of impairment) of trade receivables	4	(78,408)	133,741
		20,306,598	13,011,068
Decrease/(increase) in trade receivables		(26,613,388)	19,512,407
Decrease/(increase) in prepayments and deposits		(403,163)	507,618
Changes in balance with the immediate holding company		35,736,066	(49,291,130)
Changes in balance with fellow subsidiaries		1,484,901	(2,716,407)
Changes in balance with an intermediate holding company		(88,529)	(90,443)
Increase/(decrease) in trade and bills payables		9,157,085	(10,040,247)
Increase in other payables and accruals		2,305,857	4,391,607
Cash generated from/(used in) operations		41,885,427	(24,715,527)
Interest received		79	169
Interest paid		(414,625)	(948,548)
Net cash flows used in operating activities		41,470,881	(25,663,906)
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(178,584)	(150,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		(283,697)	(272,144)
Interest element of lease liabilities		(19,533)	(28,850)
Dividend paid		(8,832,945)	(10,635,260)
New bank loans		-	37,304,754
Repayment of bank loans		(28,110,285)	-
Net cash flows from/(used in) financing activities		(37,246,460)	26,368,500

continued/...

1. CORPORATE INFORMATION

Krayons Sourcing Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

The principal activity of the Company during the year is the trading of garments.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements are presented in Hong Kong dollars ("HK$") and have been prepared under the historical cost convention.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

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

Company as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends
Final dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare final dividends. Consequently, final dividends are recognised immediately as a liability when they are proposed and declared.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Commission income is recognised over time when the services are rendered.

Foreign currency transactions
The Company's functional currency is United States dollars ("US$"), which is different from the Company's presentation currency. These financial statements are presented in HK$, as the Company is domiciled in Hong Kong and, in the opinion of the directors, some of the key external users of their respective financial statements are located in Hong Kong. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 11 to the financial statements.

Defined benefit plan
The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

4. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Auditor's remuneration		30,000	30,000
Depreciation for property, plant and equipment		215,351	256,803
Depreciation for right-of-use assets		300,414	255,404
Lease payment not included in the measurement of lease liabilities		-	59,773
Impairment/(reversal of impairment) of trade receivables	11	(78,408)	133,741
Employee benefit expense (excluding directors' remuneration (note 6)):			
Salaries and allowances		2,736,109	2,677,768
Pension costs	14	150,514	99,365
		2,886,623	2,777,133
Foreign exchange difference, net		66,859	88,110

5. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on overdrafts	414,625	948,548
Interest on lease liabilities	19,533	28,850
	434,158	977,398

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2021				
At 31 March 2020 and 1 April 2020				
Cost	242,089	483,069	197,446	922,604
Accumulated depreciation	(145,592)	(357,318)	(122,480)	(625,390)
Net carrying amount	96,497	125,751	74,966	297,214
At 1 April 2020, net of accumulated depreciation	96,497	125,751	74,966	297,214
Additions	70,789	88,558	19,237	178,584
Depreciation provided for the year	(65,773)	(103,923)	(45,655)	(215,351)
At 31 March 2021, net of accumulated depreciation	101,513	110,386	48,548	260,447
At 31 March 2021				
Cost	312,878	571,627	216,683	1,101,188
Accumulated depreciation	(211,365)	(461,241)	(168,135)	(840,741)
Net carrying amount	101,513	110,386	48,548	260,447

10. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 2 and 3 years.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2019	740,634
New leases	112,133
Depreciation charge	(255,404)
As at 31 March 2020 and 1 April 2020	597,363
New lease	161,379
Depreciation charge	(300,414)
As at 31 March 2021	458,328

(b) Lease liabilities
The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount as at beginning of the year	604,096	764,107
New leases	161,379	112,133
Accretion of interest recognised during the year	19,533	28,850
Payments	(303,230)	(300,994)
Carrying amount at the end of the year	481,778	604,096
Analysed into:		
Current portion	324,439	269,017
Non-current portion	157,339	335,079

The maturity analysis of lease liabilities is disclosed in note 21 to the financial statements.

11. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.36%	0.36%	0.36%	0.38%	0.36%
Gross carrying amount (HK$)	53,511,670	1,090,750	111,980	4,688,513	59,402,913
Expected credit losses (HK$)	192,599	3,910	408	17,686	214,603

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.89%	0.89%	-	0.89%	0.89%
Gross carrying amount (HK$)	32,314,568	13,532	-	461,425	32,789,525
Expected credit losses (HK$)	288,767	121	-	4,123	293,011

12. PREPAYMENTS AND DEPOSITS

	2021 HK$	2020 HK$
Prepayments	397,334	7,901
Deposits	89,699	75,969
	487,033	83,870
Less: Portion classified as non-current assets	(31,985)	-
	455,048	83,870

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2021 and 2020, the loss allowance was assessed to be minimal.

14. DEFINED BENEFIT OBLIGATIONS (continued)

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2021 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2021	2020
Discount rate (%)	7.0	9.2
Expected rate of salary increases (%)	5.0	6.0

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2021				
Discount rate	0.5	(31,158)	0.5	33,239
Future salary increase	0.5	33,239	0.5	(31,752)
2020				
Discount rate	0.5	(22,104)	0.5	23,537
Future salary increase	0.5	24,431	0.5	(22,693)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

17. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

	2021 HK$	2020 HK$
Intermediate holding company:		
Management fees paid	354,107	569,496
Fellow subsidiary:		
Marketing fees paid	58,363	133,001

(b) The balance with the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$161,379 (2020: HK$112,133) and HK$161,379 (2020: HK$112,133), respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2019	764,107	3,101,304
New leases	112,133	-
Changes from financing cash flows, net	(300,994)	37,304,754
Interest expense	28,850	-
At 31 March 2020 and 1 April 2020	604,096	40,406,058
New leases	161,379	-
Changes from financing cash flows, net	(303,230)	(28,110,285)
Interest expense	19,533	-
At 31 March 2021	481,778	12,295,773

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	59,402,913	59,402,913
Financial assets included in prepayments and deposits					
- Normal**	89,699	-	-	-	89,699
Due from the immediate holding company					
- Normal**	7,496,220	-	-	-	7,496,220
Due from an intermediate holding company					
- Normal**	88,529	-	-	-	88,529
Due from a fellow subsidiary					
- Normal**	11,670	-	-	-	11,670
Cash and cash equivalents					
- Not yet past due	5,556,726	-	-	-	5,556,726
	13,242,844	-	-	59,402,913	72,645,757

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within 1 year.

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	340,661	173,466	514,127
Trade and bill payables	23,652,089	-	23,652,089
Financial liabilities included in other payables and accruals	6,310,282	-	6,310,282
Due to fellow subsidiaries	1,616,157	-	1,616,157
Interest-bearing bank borrowings	12,295,773	-	12,295,773
	44,214,962	173,466	44,388,428

As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	286,556	344,963	631,519
Trade and bill payables	14,495,004	-	14,495,004
Financial liabilities included in other payables and accruals	4,217,042	-	4,217,042
Due to fellow subsidiaries	150,255	-	150,255
Interest-bearing bank borrowings	40,406,058	-	40,406,058
	59,554,915	344,963	59,899,878

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Chartered Accountants

Kleider Sourcing Limited

Auditor's Report and Audited Financial Statements

As at and for the year ended 31 March 2021

Kleider Sourcing Limited

Auditor's Report and Audited Financial Statements

As at and for the year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF KLEIDER SOURCING LIMITED

Opinion

We have audited the financial statements of Kleider Sourcing Limited, which comprise the Statement of Financial Position (Balance Sheet) as at 31 March, 2021, Statement Comprehensive Income, Statement of Cash Flows and Statement of 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 of Kleider Sourcing Limited give a true and fair view of the financial position as at 31 March, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) and comply with other applicable laws and regulations.

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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. Material uncertainty related to going concern

We draw attention to Statement of Comprehensive Income (Income Statement) in the financial statements, which indicates that the Company incurred a net loss of Tk. 15,867,425 during the year ended 31 March 2020 and, as of that date, the Company's Cumulative retained loss stood as Tk. 39,371,978. These events or conditions, along with effect of COVID 19 Pandemic, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 consolidated and separate 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.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Mak & Co.

Dated; Dhaka
2021, May 2

Mak & Co.
Chartered Accountants

DVC:2105021290AS682917

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Kleider Sourcing Ltd.

Statement of Financial Position (Balance Sheet)

As at 31 March 2021

Particulars	Notes	(Amount in Taka) 31.03.2021	31.03.2020
Property & Assets			
Non-current assets		**107,060,560**	**121,182,436**
Property, plant & equipment - net	4	107,060,560	121,182,436
Current assets		**7,701,551**	**5,813,908**
Advance, deposit & prepayments	5	550,479	519,479
Accounts receivable	7	5,412,606	4,176,983
Cash and cash equivalents	8	1,738,466	1,117,445
Total assets:		**114,762,112**	**126,996,344**
Liabilities & Shareholders' Equity			
Current liabilities		**10,355,247**	**6,722,054**
Liabilities for expenses & payable	9	7,014,430	6,722,054
Deferred tax liability/ (Assets)		1,104,762	
Short term Loan from MOSG		2,236,055	-
Provision for income tax		-	-
Shareholders' Equity			
Share Capital	10	99,900,100	99,900,100
Share money deposit		43,878,743	43,878,743
Retained profit		(39,371,978)	(23,504,553)
		104,406,865	**120,274,290**
Total equity and liabilities:		**114,762,112**	**126,996,344**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Dated: Dhaka;
2021, May 2

Mak & Co.
Chartered Accountants
DVC:2105021290AS682917

Kleider Sourcing Ltd.

Statement of Comprehensive Income (Income Statement)
For the year ended on 31 March 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Turnover	11	48,874,302	36,605,152
Less: Cost of goods sold	12	4,161,103	3,318,259
Gross profit:		**44,713,199**	**33,286,893**
Less: Operating expenses:			
Administrative expenses	13	52,720,676	49,731,093
Profit from operation:		**(8,007,478)**	**(16,444,200)**
Other income	14	-	-
Profit before Interest & Taxes:		**(8,007,478)**	**(16,444,200)**
Less: Financial expenses		236,055	-
Profit before Income Tax:		**(8,243,532)**	**(16,444,200)**
Less: Income tax expenses	6	6,519,130	3,741,503
Deferred Tax Expenses / (Income)		1,104,762	-
Net Profit:		**(15,867,425)**	**(20,185,703)**
Add: Other comprehensive income		-	-
Total comprehensive income		**(15,867,425)**	**(20,185,703)**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director | **Director**

Signed as per our annexed report of even date.

Dated: Dhaka;
2021, May 2

Mak & Co.
Chartered Accountants
DVC:2105021290AS682917

Kleider Sourcing Ltd.

Statement of Changes in Equity
For the year ended on 31 March 2021

(Amount in Taka)

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total Equity
Balance b/f	99,900,100	43,878,743	(23,504,553)	120,274,290
Addition during the year		-	-	-
Less: recogniged during the period		-		-
Profit (Loss) for the Period	-	-	(15,867,425)	(15,867,425)
Balance as at 31 March 2021	**99,900,100**	**43,878,743**	**(39,371,978)**	**104,406,865**
Balance as at 31 March 2020	**99,900,100**	**43,878,743**	**(23,504,553)**	**120,274,290**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Mak & Co. CHARTERED ACCOUNTANTS

Kleider Sourcing Ltd.

Statement of Cash Flows

For the year ended on 31 March 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Cash flows from operating activities:			
Cash received form customer		47,638,679	37,875,321
Cash paid to supplier and employee & government		(49,253,713)	(83,985,698)
Net cash used in operating activities (A):		**(1,615,034)**	**(46,110,377)**
Cash flows from investing activities:			
Purchase of fixed assets for the period		-	(113,278,759)
Adjustment of Advance for purchase of Fixed assest		-	113,278,759
Sales of fixed assets for the period		-	-
Net cash used in investing activities (B):		**-**	**-**
Cash flows from financing activities:			
Paid up capital		-	-
Short term loan		2,236,055	
Share Money Deposit		-	41,365,151
Net cash generated from financing activities (C):		**2,236,055**	**41,365,151**
Net increase (decrease) in cash and cash equivalents during the year(A+B+C):		**621,021**	**(4,745,226)**
Cash and cash equivalent at the beginning of the period		1,117,446	5,862,672
Cash and cash equivalent at the ending of the period*		**1,738,466**	**1,117,446**
***Cash and cash equivalent includes:**			
Cash in hand	8	24,691	72,268
Cash at bank	8	1,713,775	1,045,177
		1,738,466	**1,117,445**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Mak & Co. CHARTERED ACCOUNTANTS

Kleider Sourcing Limited
Notes to the Financial Statements
As at and for the year ended 31 march 2021

1.00 Background of the Company

Kleider Sourcing Limited incorporated as private limited companies in Bangladesh under Companies Act 1994 on 19 December 2012 vide Company Registration no. C-106248/12. It has obtained trade license from Dhaka City Corporation (East) with registered address of 81/2, Fokirapool, Motijheel, Dhaka.

1.01 Nature of Business

Kleider Sourcing Limited engaged in buying house related activities in textile/RMG sector.

2.00 Basis of preparation of financial statements

2.01 Statement of Compliance

The financial statements have been prepared incompliance with the requirements of the Companies Act 1994, and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

2.02 Regulatory Compliances

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of following act & laws:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position (balance sheet) as at 31 March, 2021;
- Statement of comprehensive income (Income statement) for the period ended on 31 March, 2021
- Statement of changes in equity for the period ended on 31 March, 2021;
- Statement of cash flows for the period ended on 31 March, 2021; and
- Accounting policies and other explanatory notes for the period ended on 31 March, 2021.

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

Mak & Co. CHARTERED ACCOUNTANTS

2.05 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Kleider Sourcing Limited.

2.07 Use of Estimates and Judgments

The preparation of these financial statements, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.08 Reporting Period

This financial statement of the company covers period from 1 April, 2020 to 31 March 2021.

2.09 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under direct Method.

2.10 Recognition of PPE:

Property, Plant and Equipment (PPE) under construction/acquisition is measured at cost & no depreciation was charged as per provision of 'IAS-16: Property, Plant and Equipment'.

2.11 Depreciation:

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Asset Type	Rate
Freehold Building	10%
Furniture and Fixtures	10%
Office Equipment	15%
Computer Equipment	15%
Motor Vehicles	20%

2.12 Revenue Recognition

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IAS 18 "Revenue Recognition".

Mak & Co. CHARTERED ACCOUNTANTS

2.13 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets' a provision recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.14 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

2.15 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

2.16 General

Figures are rounded off to the nearest Taka.

Mak & Co. CHARTERED ACCOUNTANTS Mak & Co.

4 Property, plant and equipment

(Amount in Taka)

Particulars	Cost				Rate	Depreciation				WDV as at 31 March 2021
	Opening balance as at 01 April 2020	Addition during the year	Disposal during the year	Closing Balance as at 31 March 2021		Opening balance as at 01 April 2020	Charged during the year	Adjustment during the year	Closing Balance as at 31 March 2021	
Freehold Building	113,278,759			113,278,759	10%	943,990	11,327,876		12,271,866	101,006,893
Office Equipments	-			-	15%	-		-	-	-
IT Equipment	-			-	15%	-		-	-	-
Furniture & Fixture	-			-	10%	-		-	-	-
Motor Vehicles	13,970,000			13,970,000	20%	5,122,333	2,794,000	-	7,916,333	6,053,667
As at 31 March 2021	**127,248,759**	**-**	**-**	**127,248,759**		**6,066,323**	**14,121,876**	**-**	**20,188,199**	**107,060,560**
As at 31 March 2020	**13,970,000**	**113,278,759**	**-**	**127,248,759**		**2,328,333**	**3,737,990**	**-**	**6,066,323**	**121,182,436**

Notes	Particulars	Ref.	Amount (in Taka) 31.03.2021	Amount (in Taka) 31.03.2020
5	**Advances, deposit & prepayments**			
	Security Deposit		225,000	225,000
	Advance against Expenses		30,000	30,000
	Advance to employees		234,479	234,479
	Advance Against Salary		61,000	30,000
			550,479	**519,479**
6	**Advance Income tax**			
	Opening balance		3,741,503	8,589,891
	Add: Addition during the year		4763736.71	3,741,503
			8,505,240	12,331,394
	Less: Adjustment during the year		3,741,503	8,589,891
			4,763,737	**3,741,503**
	Less: Provision for income tax			
	Opening balance		3,741,503	3,070,867
	Add: Addition during the year as per law		4,763,737	3,741,503
			8,505,240	**6,812,370**
	Less: Adjustment during the year		3,741,503	3070867
			4,763,737	**3,741,503**
	Balance as on 31 March 2021		-	-
7	**Accounts Receivable**			
	Opening balance		4,176,983	5,447,152
	Add: Sales during the year		48,874,302	36,605,152
			53,051,285	42,052,304
	Less Adjustment during the year		47,638,679	37,875,321
			5,412,606	**4,176,983**
7.1	**Ageing analysis of accounts receivables (based on invoice date)**			
	Within 1 month		-	-
	Over 1 month and within 3 months		5,412,606	4,176,983
	Over 3 months and within 6 months		-	-
	Over 6 months and within 12 months		-	-
	Over 12 months		-	-
			5,412,606	**4,176,983**
8	**Cash and cash equivalents**			
	Cash in hand		24,691	72,268
	Cash at bank	8.1	1,713,775	1,045,177
			1,738,466	**1,117,445**
8.1	**Cash at bank**			
	A/C no.-0206100000020705			
	Dhaka bank Ltd., Banani Branch		1,713,775	1,045,177
			1,713,775	**1,045,177**
9	**Liabilities for expenses & Payable**			

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka) 31.03.2021	31.03.2020
	RM-Others		152,000	-
	Jishan Enterprise		8,656	98,214
	Aegis Securities		143,354	143,354
	Goodluck Sanitary		39,719	47,092
	Salary Payable		2,516,729	2,248,941
	Vat Input/Output Tax		91,753	204,802
	Expenses Payament		3,009,751	3,009,751
	Electricity payable		373,250	67,000
	Professional fee payable		171,000	9,000
	Audit Fees Payable		57,500	46,000
	TDS- Professional Services		74,296	80,864
	Vat Payable-Rent		22,881	136,257
	TDS-Rent		41,402	40,670
	TDS-Salary		414,405	359,290
	Couier Charges Payable		14,000	-
	M/s. Min International Co.		164,077	151,712
	Pragati Insurance Co.		21,000	21,000
	Klider Tower Association		-300,790	33,107
	Bangladesh Express Company Ltd.		-15,352	25,000
	Universal Express		14,799	-
			7,014,430	**6,722,054**

10 Share Capital

		31.03.2021	31.03.2020
Authorized Capital: [1,500,000 shares of Tk. 100 each]		**150,000,000**	**100,000,000**

Paid-up Capital:

Name of Shareholder	Qty.	Per	31.03.2021	31.03.2020
Iftekhar Ullah Khan	1	100	100	100
Md. Abu Toab Nayan	1	100	100	100
Mohammad Morshed Alam	1	100	100	100
Pallak Seth	1	100	100	100
Kleider Sourcing Hongkong Ltd.	998,997	100	99,899,700	99,899,700
	999,001		**99,900,100**	**99,900,100**

Mak & Co. Chartered Accountants

Notes	Particulars	Ref.	Amount (in Taka) 2020-21	Amount (in Taka) 2019-20
11	**Turnover**			
	Foreign Exchange Gain		(640,286)	(430,097)
	Misc. Income (Wastage Sales)		-	17,020
	Sales & Marketing Commission		49,514,588	37,018,229
			48,874,302	**36,605,152**
12	**Cost of goods sold**			
	Salary & Allowances		3,067,699	1,406,062
	Bonus-Staff		120,616	703,270
	Courier Charges Local		13,333	52,779
	Courier Charges International		484,027	735,798
	Sample Making Expenses		475,428	420,350
			4,161,103	**3,318,259**
13	**Administrative Expenses**			
	Salary & Allowances		24,820,472	28,761,846
	Bonus-Staff		975,895	1,891,468
	Medical /Health Insurance-Employees		281,000	300,490
	Life insurance contribution-Staff		116,100	121,510
	Security Expenses		960,552	1,051,213
	Staff Welfare Expenses		6,989	106,658
	Overtime Expenses		30,528	47,218
	Bank Charge		11,183	38,099
	Office Rent		1,230,707	1,201,404
	Professional fees		184,500	34,500
	Audit Fees		94,500	80,500
	Rates & Taxes (Local)/Regn Fees		184,608	180,210
	Taxi & Car Hair Charge		2,261,600	2,251,898
	Vehicle Fuel		563,685	858,905
	Repair & Maintain Vehicle		143,823	232,723
	Repair & Maintain Others		596,932	461,189
	Electricity Charges		1,020,177	1,219,432
	Promotional Expenses		475,428	-
	House Keeping & Cleaning		204,594	161,410
	Office Supplies		2,303,519	2,522,515
	Telephone Expenses		52,480	89,417
	Mobile Phone Expenses		10,000	160,050
	Internet & Email Charges		145,390	168,000
	Travel Local		852,832	1,259,151
	Travel Overseas		-	221,676

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka) 2020-21	2019-20
	Coveyance		251,360	548,465
	Businesss Development		-	1,298,970
	Entertainment		19,432	190,642
	Communication Expenses		671,026	529,016
	Government Fee		-	4,529
	Insurance- Vehicle		119,489	-
	Miscellenous Expenses		10,000	-
	Depreciation		14,121,876	3,737,990
			52,720,676	**49,731,093**

14 Other Income

	2020-21	2019-20
Gain on sale of tangible asset	-	-
	-	-

15 Deferred tax liabilites/expenses

Deferred tax has been recognised and measured in accordance with the provision of IAS 12: Income Taxes.

Deferred tax arrived at as follows:

Particulars	Carriyng amount as at 31 Mar, 2021	Tax Base 31 March, 2021	Taxable/ (Deductible) temporary
Property, Plant & Equipment	-	-	-
Net Temporary difference	-	-	-

Deferred tax liability/expense on temporary difference	
Average Income Tax rate (Excluding capital gain and dividend income)	32.50%
Deferred tax liability/expense on temporary difference	-

Change in deferred tax assets and liability

Opening balance at 1.04.2021	**851,327**
Charged as Expense for the Quarter	**(851,327)**
Charged as Expense for the year	**-**

16 Related Parties

Following are related parties with who the company has entered into the financial transactions:

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka)	
			2020-21	2019-20

Name of the related parties	Relationship
Kleider Sourcing Ltd.	Company under common control

16.1 Transaction and Balance with related parties

Related parties comprise of the parent company, companies under common control/directorship (i.e. group companies), key management personnel of the company and employee's provident fund. The Company in the naormal course of business carries out transactions with various related parties on mutually agreed terms.

Transaction with Kleider Sourcing Ltd.

Nature of Trnsaction:	Short term Loan	
Interest rate:	12%	
Maturity date:	28.02.2021	
Present outstanding:		
Principal:		2,000,000
Interest:		236,055

Both the company principally agreed to extend the term for further one year.

17 Number of Employees

The total average number of employees during the year and as at 31 March 2020 & 31 March 2021 are as follows:

Number of Employees as at March 31	52
Average number of employees during the year	52

18 Date of Authorisation for issue

These financial statements were authorised_____________ by the board of Directors of the Company.

19 Events After the reporting period

There are no material events that had occurred after the reproting period to the date of issue of these financial statements, which either requires adjustment or disclosure in these financial statements.

Mak & Co. CHARTERED ACCOUNTANTS

Mak & Co.

Chartered Accountants
(Member Firm of SFAI, USA)

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SFAI

Mak & Co.
Chartered Accountants

Kleider Sourcing Limited

Auditor's Report and Audited Financial Statements

As at and for the year ended 31 March 2021

Kleider Sourcing Limited

Auditor's Report and Audited Financial Statements

As at and for the year ended 31 March 2021

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF KLEIDER SOURCING LIMITED

Opinion

We have audited the financial statements of Kleider Sourcing Limited, which comprise the Statement of Financial Position (Balance Sheet) as at 31 March, 2021, Statement Comprehensive Income, Statement of Cash Flows and Statement of 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 of Kleider Sourcing Limited give a true and fair view of the financial position as at 31 March, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) and comply with other applicable laws and regulations.

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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

1. Material uncertainty related to going concern

We draw attention to Statement of Comprehensive Income (Income Statement) in the financial statements, which indicates that the Company incurred a net loss of Tk. 15,867,425 during the year ended 31 March 2020 and, as of that date, the Company's Cumulative retained loss stood as Tk. 39,371,978. These events or conditions, along with effect of COVID 19 Pandemic, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 consolidated and separate 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.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Mak & Co.

Dated; Dhaka
2021, May 2

Mak & Co.
Chartered Accountants

DVC:2105021290AS682917

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Kleider Sourcing Ltd.

Statement of Financial Position (Balance Sheet)
As at 31 March 2021

Particulars	Notes	(Amount in Taka) 31.03.2021	31.03.2020
Property & Assets			
Non-current assets		**107,060,560**	**121,182,436**
Property, plant & equipment - net	4	107,060,560	121,182,436
Current assets		**7,701,551**	**5,813,908**
Advance, deposit & prepayments	5	550,479	519,479
Accounts receivable	7	5,412,606	4,176,983
Cash and cash equivalents	8	1,738,466	1,117,445
Total assets:		**114,762,112**	**126,996,344**
Liabilities & Shareholders' Equity			
Current liabilities		**10,355,247**	**6,722,054**
Liabilities for expenses & payable	9	7,014,430	6,722,054
Deferred tax liability/ (Assets)		1,104,762	
Short term Loan from MOSG		2,236,055	-
Provision for income tax		-	-
Shareholders' Equity			
Share Capital	10	99,900,100	99,900,100
Share money deposit		43,878,743	43,878,743
Retained profit		(39,371,978)	(23,504,553)
		104,406,865	**120,274,290**
Total equity and liabilities:		**114,762,112**	**126,996,344**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Dated: Dhaka;
2021, May 2

Mak & Co.
Chartered Accountants
DVC:2105021290AS682917

Kleider Sourcing Ltd.

Statement of Comprehensive Income (Income Statement)

For the year ended on 31 March 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Turnover	11	48,874,302	36,605,152
Less: Cost of goods sold	12	4,161,103	3,318,259
Gross profit:		**44,713,199**	**33,286,893**
Less: Operating expenses:			
Administrative expenses	13	52,720,676	49,731,093
Profit from operation:		**(8,007,478)**	**(16,444,200)**
Other income	14	-	-
Profit before Interest & Taxes:		**(8,007,478)**	**(16,444,200)**
Less: Financial expenses		236,055	-
Profit before Income Tax:		**(8,243,532)**	**(16,444,200)**
Less: Income tax expenses	6	6,519,130	3,741,503
Deferred Tax Expenses / (Income)		1,104,762	-
Net Profit:		**(15,867,425)**	**(20,185,703)**
Add: Other comprehensive income		-	-
Total comprehensive income		**(15,867,425)**	**(20,185,703)**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director | **Director**

Signed as per our annexed report of even date.

Dated: Dhaka;
2021, May 2

mak & Co.
Mak & Co.
Chartered Accountants
DVC:2105021290AS682917

Kleider Sourcing Ltd.
Statement of Changes in Equity
For the year ended on 31 March 2021

(Amount in Taka)

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total Equity
Balance b/f	99,900,100	43,878,743	(23,504,553)	120,274,290
Addition during the year		-	-	-
Less: recogniged during the period		-		-
Profit (Loss) for the Period	-	-	(15,867,425)	(15,867,425)
Balance as at 31 March 2021	**99,900,100**	**43,878,743**	**(39,371,978)**	**104,406,865**
Balance as at 31 March 2020	**99,900,100**	**43,878,743**	**(23,504,553)**	**120,274,290**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Mak & Co. CHARTERED ACCOUNTANTS

Kleider Sourcing Ltd.

Statement of Cash Flows

For the year ended on 31 March 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Cash flows from operating activities:			
Cash received form customer		47,638,679	37,875,321
Cash paid to supplier and employee & government		(49,253,713)	(83,985,698)
Net cash used in operating activities (A):		**(1,615,034)**	**(46,110,377)**
Cash flows from investing activities:			
Purchase of fixed assets for the period		-	(113,278,759)
Adjustment of Advance for purchase of Fixed assest		-	113,278,759
Sales of fixed assets for the period		-	-
Net cash used in investing activities (B):		**-**	**-**
Cash flows from financing activities:			
Paid up capital		-	-
Short term loan		2,236,055	
Share Money Deposit		-	41,365,151
Net cash generated from financing activities (C):		**2,236,055**	**41,365,151**
Net increase (decrease) in cash and cash equivalents during the year(A+B+C):		**621,021**	**(4,745,226)**
Cash and cash equivalent at the beginning of the period		1,117,446	5,862,672
Cash and cash equivalent at the ending of the period*		**1,738,466**	**1,117,446**
***Cash and cash equivalent includes:**			
Cash in hand	8	24,691	72,268
Cash at bank	8	1,713,775	1,045,177
		1,738,466	**1,117,445**

The annexed notes (1-19) form an integral part of these financial statements.

Managing Director

Director

Mak & Co. CHARTERED ACCOUNTANTS

Kleider Sourcing Limited

Notes to the Financial Statements

As at and for the year ended 31 march 2021

1.00 Background of the Company

Kleider Sourcing Limited incorporated as private limited companies in Bangladesh under Companies Act 1994 on 19 December 2012 vide Company Registration no. C-106248/12. It has obtained trade license from Dhaka City Corporation (East) with registered address of 81/2, Fokirapool, Motijheel, Dhaka.

1.01 Nature of Business

Kleider Sourcing Limited engaged in buying house related activities in textile/RMG sector.

2.00 Basis of preparation of financial statements

2.01 Statement of Compliance

The financial statements have been prepared incompliance with the requirements of the Companies Act 1994, and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

2.02 Regulatory Compliances

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of following act & laws:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position (balance sheet) as at 31 March, 2021;
- Statement of comprehensive income (Income statement) for the period ended on 31 March, 2021
- Statement of changes in equity for the period ended on 31 March, 2021;
- Statement of cash flows for the period ended on 31 March, 2021; and
- Accounting policies and other explanatory notes for the period ended on 31 March, 2021.

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

Mak & Co. CHARTERED ACCOUNTANTS

2.05 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Kleider Sourcing Limited.

2.07 Use of Estimates and Judgments

The preparation of these financial statements, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.08 Reporting Period

This financial statement of the company covers period from 1 April, 2020 to 31 March 2021.

2.09 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under direct Method.

2.10 Recognition of PPE:

Property, Plant and Equipment (PPE) under construction/acquisition is measured at cost & no depreciation was charged as per provision of 'IAS-16: Property, Plant and Equipment'.

2.11 Depreciation:

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Asset Type	Rate
Freehold Building	10%
Furniture and Fixtures	10%
Office Equipment	15%
Computer Equipment	15%
Motor Vehicles	20%

2.12 Revenue Recognition

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IAS 18 "Revenue Recognition".

Mak & Co. CHARTERED ACCOUNTANTS

2.13 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets' a provision recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.14 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

2.15 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

2.16 General

Figures are rounded off to the nearest Taka.

Mak & Co. CHARTERED ACCOUNTANTS

4 **Property, plant and equipment**

(Amount in Taka)

Particulars	Cost				Rate	Depreciation				WDV as at 31 March 2021
	Opening balance as at 01 April 2020	Addition during the year	Disposal during the year	Closing Balance as at 31 March 2021		Opening balance as at 01 April 2020	Charged during the year	Adjustment during the year	Closing Balance as at 31 March 2021	
Freehold Building	113,278,759			113,278,759	10%	943,990	11,327,876		12,271,866	101,006,893
Office Equipments	-			-	15%	-		-	-	-
IT Equipment	-			-	15%	-		-	-	-
Furniture & Fixture	-			-	10%	-		-	-	-
Motor Vehicles	13,970,000			13,970,000	20%	5,122,333	2,794,000	-	7,916,333	6,053,667
As at 31 March 2021	**127,248,759**	**-**	**-**	**127,248,759**		**6,066,323**	**14,121,876**	**-**	**20,188,199**	**107,060,560**
As at 31 March 2020	**13,970,000**	**113,278,759**	**-**	**127,248,759**		**2,328,333**	**3,737,990**	**-**	**6,066,323**	**121,182,436**

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka) 31.03.2021	Amount (in Taka) 31.03.2020
5	**Advances, deposit & prepayments**			
	Security Deposit		225,000	225,000
	Advance against Expenses		30,000	30,000
	Advance to employees		234,479	234,479
	Advance Against Salary		61,000	30,000
			550,479	**519,479**
6	**Advance Income tax**			
	Opening balance		3,741,503	8,589,891
	Add: Addition during the year		4763736.71	3,741,503
			8,505,240	12,331,394
	Less: Adjustment during the year		3,741,503	8,589,891
			4,763,737	**3,741,503**
	Less: Provision for income tax			
	Opening balance		3,741,503	3,070,867
	Add: Addition during the year as per law		4,763,737	3,741,503
			8,505,240	**6,812,370**
	Less: Adjustment during the year		3,741,503	3070867
			4,763,737	**3,741,503**
	Balance as on 31 March 2021		-	-
7	**Accounts Receivable**			
	Opening balance		4,176,983	5,447,152
	Add: Sales during the year		48,874,302	36,605,152
			53,051,285	42,052,304
	Less Adjustment during the year		47,638,679	37,875,321
			5,412,606	**4,176,983**
7.1	**Ageing analysis of accounts receivables (based on invoice date)**			
	Within 1 month		-	-
	Over 1 month and within 3 months		5,412,606	4,176,983
	Over 3 months and within 6 months		-	-
	Over 6 months and within 12 months		-	-
	Over 12 months		-	-
			5,412,606	**4,176,983**
8	**Cash and cash equivalents**			
	Cash in hand		24,691	72,268
	Cash at bank	8.1	1,713,775	1,045,177
			1,738,466	**1,117,445**
8.1	**Cash at bank**			
	A/C no.-0206100000020705			
	Dhaka bank Ltd., Banani Branch		1,713,775	1,045,177
			1,713,775	**1,045,177**
9	**Liabilities for expenses & Payable**			

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka) 31.03.2021	31.03.2020
	RM-Others		152,000	-
	Jishan Enterprise		8,656	98,214
	Aegis Securities		143,354	143,354
	Goodluck Sanitary		39,719	47,092
	Salary Payable		2,516,729	2,248,941
	Vat Input/Output Tax		91,753	204,802
	Expenses Payament		3,009,751	3,009,751
	Electricity payable		373,250	67,000
	Professional fee payable		171,000	9,000
	Audit Fees Payable		57,500	46,000
	TDS- Professional Services		74,296	80,864
	Vat Payable-Rent		22,881	136,257
	TDS-Rent		41,402	40,670
	TDS-Salary		414,405	359,290
	Couier Charges Payable		14,000	-
	M/s. Min International Co.		164,077	151,712
	Pragati Insurance Co.		21,000	21,000
	Klider Tower Association		-300,790	33,107
	Bangladesh Express Company Ltd.		-15,352	25,000
	Universal Express		14,799	-
			7,014,430	**6,722,054**

10 Share Capital

Authorized Capital:		**150,000,000**	**100,000,000**
[1,500,000 shares of Tk. 100 each]			

Paid-up Capital:

Name of Shareholder	Qty.	Per	31.03.2021	31.03.2020
Iftekhar Ullah Khan	1	100	100	100
Md. Abu Toab Nayan	1	100	100	100
Mohammad Morshed Alam	1	100	100	100
Pallak Seth	1	100	100	100
Kleider Sourcing Hongkong Ltd.	998,997	100	99,899,700	99,899,700
	999,001		**99,900,100**	**99,900,100**

Mak & Co. Chartered Accountants

Notes	Particulars	Ref.	Amount (in Taka) 2020-21	2019-20
11	**Turnover**			
	Foreign Exchange Gain		(640,286)	(430,097)
	Misc. Income (Wastage Sales)		-	17,020
	Sales & Marketing Commission		49,514,588	37,018,229
			48,874,302	**36,605,152**
12	**Cost of goods sold**			
	Salary & Allowances		3,067,699	1,406,062
	Bonus-Staff		120,616	703,270
	Courier Charges Local		13,333	52,779
	Courier Charges International		484,027	735,798
	Sample Making Expenses		475,428	420,350
			4,161,103	**3,318,259**
13	**Administrative Expenses**			
	Salary & Allowances		24,820,472	28,761,846
	Bonus-Staff		975,895	1,891,468
	Medical /Health Insurance-Employees		281,000	300,490
	Life insurance contribution-Staff		116,100	121,510
	Security Expenses		960,552	1,051,213
	Staff Welfare Expenses		6,989	106,658
	Overtime Expenses		30,528	47,218
	Bank Charge		11,183	38,099
	Office Rent		1,230,707	1,201,404
	Professional fees		184,500	34,500
	Audit Fees		94,500	80,500
	Rates & Taxes (Local)/Regn Fees		184,608	180,210
	Taxi & Car Hair Charge		2,261,600	2,251,898
	Vehicle Fuel		563,685	858,905
	Repair & Maintain Vehicle		143,823	232,723
	Repair & Maintain Others		596,932	461,189
	Electricity Charges		1,020,177	1,219,432
	Promotional Expenses		475,428	-
	House Keeping & Cleaning		204,594	161,410
	Office Supplies		2,303,519	2,522,515
	Telephone Expenses		52,480	89,417
	Mobile Phone Expenses		10,000	160,050
	Internet & Email Charges		145,390	168,000
	Travel Local		852,832	1,259,151
	Travel Overseas		-	221,676

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka) 2020-21	2019-20
	Coveyance		251,360	548,465
	Businesss Development		-	1,298,970
	Entertainment		19,432	190,642
	Communication Expenses		671,026	529,016
	Government Fee		-	4,529
	Insurance- Vehicle		119,489	-
	Miscellenous Expenses		10,000	-
	Depreciation		14,121,876	3,737,990
			52,720,676	**49,731,093**

14 Other Income

Gain on sale of tangible asset	-	-
	-	-

15 Deferred tax liabilites/expenses

Deferred tax has been recognised and measured in accordance with the provision of IAS 12: Income Taxes.

Deferred tax arrived at as follows:

Particulars	Carriyng amount as at 31 Mar, 2021	Tax Base 31 March, 2021	Taxable/ (Deductible) temporary
Property, Plant & Equipment	-	-	-
Net Temporary difference	-	-	-

Deferred tax liability/expense on temporary difference	
Average Income Tax rate (Excluding capital gain and dividend income)	32.50%
Deferred tax liability/expense on temporary difference	-

Change in deferred tax assets and liability

Opening balance at 1.04.2021	**851,327**
Charged as Expense for the Quarter	**(851,327)**
Charged as Expense for the year	**-**

16 Related Parties

Following are related parties with who the company has entered into the financial transactions:

Mak & Co. CHARTERED ACCOUNTANTS

Notes	Particulars	Ref.	Amount (in Taka)	
			2020-21	2019-20

<u>Name of the related parties</u>	<u>Relationship</u>
Kleider Sourcing Ltd.	Company under common control

16.1 Transaction and Balance with related parties

Related parties comprise of the parent company, companies under common control/directorship (i.e. group companies), key management personnel of the company and employee's provident fund. The Company in the naormal course of business carries out transactions with various related parties on mutually agreed terms.

Transaction with Kleider Sourcing Ltd.

Nature of Trnsaction:	Short term Loan	
Interest rate:	12%	
Maturity date:	28.02.2021	
Present outstanding:		
Principal:		2,000,000
Interest:		236,055

Both the company principally agreed to extend the term for further one year.

17 Number of Employees

The total average number of employees during the year and as at 31 March 2020 & 31 March 2021 are as follows:

Number of Employees as at March 31	52
Average number of employees during the year	52

18 Date of Authorisation for issue

These financial statements were authorised____________ by the board of Directors of the Company.

19 Events After the reporting period

There are no material events that had occurred after the reprōting period to the date of issue of these financial statements, which either requires adjustment or disclosure in these financial statements.

Mak & Co. ★ CHARTERED ACCOUNTANTS ★

Mak & Co.

Chartered Accountants
(Member Firm of SFAI, USA)

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Report of the Directors and

Financial Statements for the Year Ended 31 March 2021

for

LILLYANDSID LTD

Contents of the Financial Statements
for the Year Ended 31 March 2021

Company Information
for the Year Ended 31 March 2021

DIRECTORS:	I Hassan Mrs E E Hassan G Periwal D K Seth P Seth
REGISTERED OFFICE:	Cedar Lodge Main Road Kilsby Rugby Warwickshire CV23 8XP
REGISTERED NUMBER:	06855192 (England and Wales)
AUDITORS:	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW

Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of wholesale and retail of branded clothing for women and children.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

I Hassan
Mrs E E Hassan
G Periwal
D K Seth
P Seth

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, UHY Hacker Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

I Hassan - Director

7 May 2021

Report of the Independent Auditors to the Members of
LILLYANDSID LTD

Opinion
We have audited the financial statements of LILLYANDSID LTD (the 'company') for the year ended 31 March 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the financial statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
LILLYANDSID LTD

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 a Report of the Auditors 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of legal expenditure, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
LILLYANDSID LTD

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rachel Chim (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London
E1W 1YW

7 May 2021

Income Statement
for the Year Ended 31 March 2021

	Notes	31.3.21 £	31.3.20 £
TURNOVER		1,981,702	1,401,344
Cost of sales		1,293,991	998,908
GROSS PROFIT		687,711	402,436
Administrative expenses		522,633	166,497
		165,078	235,939
Other operating income		2	2,979
OPERATING PROFIT	4	165,080	238,918
Interest payable and similar expenses		389	354
PROFIT BEFORE TAXATION		164,691	238,564
Tax on profit		31,452	45,382
PROFIT FOR THE FINANCIAL YEAR		133,239	193,182

The notes form part of these financial statements

Balance Sheet
31 March 2021

	Notes	31.3.21 £	31.3.21 £	31.3.20 £	31.3.20 £
FIXED ASSETS					
Intangible assets	5		-		-
Tangible assets	6		2,895		1,147
			2,895		1,147
CURRENT ASSETS					
Stocks		373,154		280,389	
Debtors	7	458,924		369,923	
Cash at bank		252,891		91,617	
		1,084,969		741,929	
CREDITORS					
Amounts falling due within one year	8	326,219		114,670	
NET CURRENT ASSETS			758,750		627,259
TOTAL ASSETS LESS CURRENT LIABILITIES			761,645		628,406
CAPITAL AND RESERVES					
Called up share capital	9		100		100
Retained earnings			761,545		628,306
SHAREHOLDERS' FUNDS			761,645		628,406

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 7 May 2021 and were signed on its behalf by:

I Hassan - Director

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	100	758,554	758,654
Changes in equity			
Dividends	-	(323,430)	(323,430)
Total comprehensive income	-	193,182	193,182
Balance at 31 March 2020	100	628,306	628,406
Changes in equity			
Total comprehensive income	-	133,239	133,239
Balance at 31 March 2021	100	761,545	761,645

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

LILLYANDSID LTD is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover
Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of five years.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.
Plant and machinery - 20% on reducing balance

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2020 - 2).

continued...

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.21	31.3.20
	£	£
Depreciation - owned assets	724	287

5. INTANGIBLE FIXED ASSETS

	Goodwill
	£
COST	
At 1 April 2020	
and 31 March 2021	1,273
AMORTISATION	
At 1 April 2020	
and 31 March 2021	1,273
NET BOOK VALUE	
At 31 March 2021	-
At 31 March 2020	-

6. TANGIBLE FIXED ASSETS

	Plant and machinery
	£
COST	
At 1 April 2020	15,154
Additions	2,472
At 31 March 2021	17,626
DEPRECIATION	
At 1 April 2020	14,007
Charge for year	724
At 31 March 2021	14,731
NET BOOK VALUE	
At 31 March 2021	2,895
At 31 March 2020	1,147

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade debtors	250,579	266,331
Other debtors	208,345	103,592
	458,924	369,923

continued...

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21	31.3.20
	£	£
Trade creditors	152,652	21,973
Amounts owed to group undertakings	36,742	-
Taxation and social security	52,644	46,023
Other creditors	84,181	46,674
	326,219	114,670

9. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.21	31.3.20
			£	£
60	Ordinary A	1	60	60
40	Ordinary B	1	40	40
			100	100

10. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 March 2021 and 31 March 2020:

	31.3.21	31.3.20
	£	£
I Hassan and Mrs E E Hassan		
Balance outstanding at start of year	4,672	-
Amounts advanced	14,160	4,672
Amounts repaid	(1,472)	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	17,360	4,672

11. RELATED PARTY DISCLOSURES

During the year, the company made purchases of £31,387 (2020: £NIL) from Nor Lanka Manufacturing Limited, a company which owns 55 of the company's Ordinary A Shares. Balance owed by the company at the year end was £36,742 (2020: £NIL).

12. ULTIMATE CONTROLLING PARTY

Nor Lanka Manufacturing Limited, a company incorporated in Hong Kong, owns 55 of the company's Ordinary A Shares. The financial statements of the company is incorporated within the consolidated financial statements of Nor Lanka Manufacturing Limited.

Trading and Profit and Loss Account
for the Year Ended 31 March 2021

	31.3.21		31.3.20	
	£	£	£	£
Sales		1,981,702		1,401,344
Cost of sales				
Opening stock	280,389		199,563	
Purchases	926,125		779,142	
Other direct costs	11,475		9,287	
Sub contractors	61,249		24,681	
Carriage and distribution	256,679		183,218	
Commissions payable	131,228		83,406	
	1,667,145		1,279,297	
Closing stock	(373,154)		(280,389)	
		1,293,991		998,908
GROSS PROFIT		687,711		402,436
Other income				
Sundry receipts		2		2,979
		687,713		405,415
Expenditure				
Rent	15,840		11,200	
Rates and water	-		896	
Use of residence as office	1,200		1,200	
Insurance	4,642		4,628	
Light and heat	1,479		-	
Directors' salaries	100,000		21,957	
Directors' social security	7,375		618	
Telephone	2,288		1,544	
Post and stationery	697		404	
Advertising	278,910		32,287	
Travelling	82		6,869	
Repairs and renewals	921		1,009	
Website maintenance	5,476		1,745	
Computer costs	20,415		17,004	
Sundry expenses	415		78	
Subscriptions	314		483	
Accountancy	4,771		4,113	
Recruitment fees	7,200		-	
Professional fees	4,298		3,145	
Auditors' remuneration	7,070		5,195	
Foreign exchange losses	9,339		9,023	
Bad debts	4,739		1,296	
Promotions and exhibitions	6,897		24,441	
Donations	276		383	
		484,644		149,518
		203,069		255,897
Finance costs				
Bank charges	749		1,307	
PayPal and NOTHS Fees	36,516		15,385	
Corporation tax interest	268		354	
PAYE interest	121		-	
		37,654		17,046
Carried forward		165,415		238,851

This page does not form part of the statutory financial statements

Trading and Profit and Loss Account
for the Year Ended 31 March 2021

	31.3.21		31.3.20	
	£	£	£	£
Brought forward		165,415		238,851
Depreciation				
Plant and machinery		724		287
NET PROFIT		164,691		238,564

This page does not form part of the statutory financial statements

Auditor's Report and Audited Financial Statements

of

Multinational OSG Services Bangladesh Private Limited

For the year ended 31 March, 2021

SFAI

Mak & Co.
Chartered Accountants

Table of Content

Independent Auditor's Report along with Audited Financial Statements
For the year ended on 31 March, 2021

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MULTINATIONAL OSG SERVICES BANGLADESH PRIVATE LIMITED

Opinion

We have audited the financial statements of Multinational OSG Services Bangladesh Private Limited, which comprise the Statement of Financial Position (Balance Sheet) as at 31 March, 2021, Statement Comprehensive Income, Statement of Cash Flows and Statement of 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 of Multinational OSG Services Bangladesh Private Limited give a true and fair view of the financial position as at 31 March, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standard (IFRS) and comply with other applicable laws and regulations.

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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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.

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Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether 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:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

BSEC Bhaban (Level - 11)
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Karwan Bazar, Dhaka 1215.

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info@maknco.net

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;

c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated; Dhaka
May 02, 2021

Mak & Co.

Mak & Co.
Chartered Accountants
DVC:2105D21990AS866606

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102, Kazi Nazrul Islam Avenue,
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Multinational OSG Services Bangladesh Private Limited
Statement of Financial Position (Balance Sheet)
As at March 31, 2021

Particulars	Notes	(Amount in Taka) 31.03.2021	31.03.2020
Property & Assets			
Non-current assets		83,228,077	92,049,910
Property, Plant & Equipment		73,228,077	92,049,910
FDR		10,000,000	-
Current assets		**3,810,149**	**11,758,475**
Advance, deposit & prepayments	5	2,342,926	120,000
Advance Income Tax		-	-
Recivable group		-	-
Cash and cash equivalents	7	1,467,223	11,638,475
Total assets:		**87,038,226**	**103,808,386**
Liabilities & Shareholders' Equity			
Current liabilities		(1,757,395)	964,561
Liabilities for expenses & payable	8	671,243	581,772
Net Provision for income tax		95,201	
Deferred Tax Liabilities		(2,523,839)	382,789
Shareholders' Equity			
Share Capital	9	105,826,400.0	1,000,000
Share money deposit		11,592,500.0	116,418,900
Retained profit		(28,623,279)	(14,575,075)
		88,795,621	**102,843,825**
Total equity and liabilities:		**87,038,226**	**103,808,386**

The annexed notes (1-16) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Mak & Co.

Mak & Co.
Chartered Accountants

Dated: Dhaka;
2021, May 02

SFAI

Mak & Co.
Chartered Accountants

Multinational OSG Services Bangladesh Private Limited
Statement of Comprehensive Income (Income Statement)
For the year ended on 31 March, 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Turnover	10	3,685,271	1,940,999.00
Less: Cost of goods sold		-	-
Gross profit:		**3,685,271**	**1,940,999**
Less: Operating expenses:			
Administrative expenses	11	20,523,104	12,412,027
Profit from operation:		(16,837,833)	(10,471,028)
Other income (interest income)		292,926	49,315
Profit before Interest & Taxes:		(16,544,907)	(10,421,713)
Less: Financial expenses		-	-
Profit before Income Tax:		**(16,544,907)**	**(10,421,713)**
Less: Income tax expenses		409,924	107,548
Less: Diferred tax income/Expenses	12	(2,906,628)	382,789
Net Profit:		(14,048,203)	(10,912,050)
Add: Other comprehensive income		-	-
Total comprehensive income		(14,048,203)	(10,912,050)

The annexed notes (1-16) form an integral part of these financial statements.

Managing Director

Director

Signed as per our annexed report of even date.

Mak & Co.

Mak & Co.
Chartered Accountants

Dated: Dhaka;
2021, May 02

Multinational OSG Services Bangladesh Private Limited
Statement of Changes in Equity
For the year ended on 31 March, 2021

(Amount in Taka)

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Total Equity
Balance b/f	1,000,000	116,418,900	(14,575,075)	102,843,825
Add: Addition during the period	104,826,400	(104,826,400)	-	-
Profit (Loss) for the Period	-	-	(14,048,203)	(14,048,203)
Balance as at 31 March, 2021	**105,826,400**	**11,592,500**	**(28,623,279)**	**88,795,621**
Balance as at 31 March, 2020	**1,000,000**	**116,418,900**	**(14,575,075)**	**102,843,825**

The annexed notes (1-16) form an integral part of these financial statements.

Managing Director

Director

SFAI

Mak & Co.
Chartered Accountants

Multinational OSG Services Bangladesh Private Limited
Statement of Cash Flows
For the year ended on 31 March, 2021

Particulars	Notes	(Amount in Taka) 2020-21	2019-20
Cash flows from operating activities:			
Cash received form customer including advance rent		3,685,271	2,406,839
Cash paid to supplier and employee & government		(1,633,598)	(1,888,378)
Net cash used in operating activities (A):		**2,051,673**	**518,461**
Cash flows from investing activities:			
Advance against purchase/expenses		(2,222,926)	47,902,024
Investment in FDR		(10,000,000)	
Purchase of intangible assets for the period		-	(43,445,676)
Net cash used in investing activities (B):		**(12,222,926)**	**4,456,348**
Cash flows from financing activities:			
Paid up capital		104,826,400	-
Share Money Deposit		(104,826,400)	-
Net cash generated from financing activities (C):		**-**	**-**
Net increase (decrease) in cash and cash equivalents during the year(A+B+C):		**(10,171,253)**	**4,974,809**
Cash and cash equivalent at the beginning of the period		11,638,475	6,663,666
Cash and cash equivalent at the ending of the period*		**1,467,223**	**11,638,475**
***Cash and cash equivalent includes:**			
Cash in hand	5	204,437	88,134
Cash at bank	5	1,262,786	11,550,341
		1,467,223	**11,638,475**

The annexed notes (1-16) form an integral part of these financial statements.

Managing Director

Director

Multinational OSG Services Bangladesh Private Limited
Notes to the Financial Statements
As at and for the period ended 31 March, 2021

1.00 Background of the Company

Multinational OSG Services Bangladesh Private Limited was incorporated under Company Act 1994 as private limited companies by shares vide Registration No. C-113829/14 dated February 2, 2014 having prime objectives of acquire the properties in the city of Dhaka and anywhere in Bangladesh and to let out those properties and carrying on the business as manufacturers, processors, traders, importers, exporters, buyers, sellers, marketers, showroom owners, general commission agent, dealers, distributors, brokers, wholesalers, retailers, exchangers, franchise traders, stockiest, jobbers, fabricators of otherwise deal in all kind of garments etc.

2.00 Basis of preparation of financial statements

2.01 Statement of Compliance

The financial statements have been prepared incompliance with the requirements of the Companies Act 1994, and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

2.02 Regulatory Compliances

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of following act & laws:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;

2.03 Components of the Financial Statements

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position (balance sheet) as at 31 March, 2021;
- Statement of comprehensive income (Income statement) for the year ended on 31 March, 2021.
- Statement of changes in equity for the year ended on 31 March, 2021;
- Statement of cash flows for the year ended on 31 March, 2021; and
- Accounting policies and other explanatory notes for the year ended on 31 March, 2021.

2.04 Measurement Bases used in preparing the Financial Statements

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

2.05 Reporting Currency and Level of Precision

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

2.06 Preparation and Presentation of Financial Statements of the Company

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of Multinational OSG Services Bangladesh Private Limited.

Mak & Co. CHARTERED ACCOUNTANTS

2.07 Use of Estimates and Judgments

The preparation of these financial statements, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.08 Reporting Period

This financial statement of the company covers period from 1 April, 2020 to 31 March 2021.

2.09 Cash Flow Statement

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under direct Method.

2.10 Recognition of PPE:

Property, Plant and Equipment (PPE) under construction/acquisition is measured at cost & no depreciation was charged as per provision of 'IAS-16: Property, Plant and Equipment'.

2.11 Depreciation:

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Asset Type	Rate
Furniture and Fixtures	25%
Office Equipment	33.33%
Computer Equipment	33.33%

2.12 Revenue Recognition

The company recognized revenue when risk of ownership has been transferred to the buyer, which satisfied all the condition for the revenue recognition as provided in IFRS 15 "Revenue from Contracts with Customers".

2.13 Provisions

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets' a provision recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

2.14 Contingencies

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded it is probable that a liability has been incurred and the amount can be measured reliably accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

2.15 Going Concern

The company has adequate resources to continue its operations for foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

3.00 General

Figures are rounded off to the nearest Taka.

4 Property, plant and equipment

(Amount in Taka)

Particulars	Cost				Rate	Depreciation				WDV as at 31 Mar 2021
	Opening balance as at 01 April 2020	Addition during the year	Disposal during the year	Closing Balance as at 31 Mar 2021		Opening balance as at 01 April 2020	Charged during the year	Adjustment during the year	Closing Balance as at 31 Mar 2021	
Freehold Building-WIP	-	-		-		-	-		-	-
Freehold Building	47,443,939			47,443,939		200,923.50	2,372,225		2,573,148	44,870,791
Furniture & Fixture	37,885,592		-	37,885,592	25%	4,142,911	9,474,348	-	13,617,258	24,268,334
Office Equipment	12,126,125		-	12,126,125	33.33%	5,545,762	4,042,287	-	9,588,049	2,538,076
IT Equipment	8,845,593		-	8,845,593	33.33%	4,361,743	2,932,974	-	7,294,717	1,550,876
As at March 31, 2021	**106,301,249**	-	-	**106,301,249**		**14,050,415**	**18,821,833**	-	**33,073,172**	**73,228,077**
As at March 31, 2020	62,855,573	43,445,676	-	106,301,249		3,097,376	11,153,963	-	14,251,339	92,049,910

Notes	Particulars	Ref.	Amount (in Taka) 31.03.2021	31.03.2020
5	**Advances, deposit & prepayments**			
	Advance against expenses		50,000	120,000
	Interest Receivable		292,926	-
	Short term Loan to Kleider Sourcing Ltd.		2,000,000	-
			2,342,926	**120,000**
6	**Advance Income Tax**			
	Opening Balance		24,456	77,640
	Add: Addition during the year		314,723	97,048
	Less Adjustment during the year		24,456	150,232
			314,723	**24,456**
	Less: Provision for Income Tax			
	Opening Balance		-	77,640
	Add: Provision made during the year		409,924	107,548
	Less Adjustment during the year		-	(185,188)
			409,924	-
			(95,201)	**24,456**
7	**Cash and cash equivalents**			
	Cash in hand		204,437	88,134
	Cash at bank	5.1	1,262,786	11,550,341
			1,467,223	**11,638,475**
7.1	**Cash at bank**			
	A/C No.-1804012756, Gulshan Branch, Commercial Bank of Ceylon.		1,262,786	11,550,341
			1,262,786	**11,550,341**
8	**Liabilities for expenses & Payable**			
	Audit fees		46,000	34,500
	Salary & Bonus Payable		111,294	64,301
	Tax deducted at source		4,831	10,231
	VAT deducted at source		-	6,900
	Mak & Co		43,278	-
	Refundable Security Deposit		465,840	465,840
			671,243	**581,772**
9	**Share Capital**			
	Authorized Capital:		**200,000,000**	**200,000,000**
	[20,00,000 shares of Tk. 100 each]			

Paid-up Capital:

Name of Shareholder	Qty.	Per	Taka	Taka
Multinational Textile Group Limited	1057964	100	105,796,400	970,000
Mr. Carlos Majmud	100	100	10,000	10,000
Md. Shahed Mahmud	100	100	10,000	10,000
Mr. Pallak Seth	100	100	10,000	10,000
	1,058,264		**105,826,400**	**1,000,000**

Mak & Co. CHARTERED ACCOUNTANTS

SFAI

Mak & Co.
Chartered Accountants

Notes	Particulars	Ref.	Amount (in Taka)	
			2020-21	2019-20
10	**Turnover**			
	Rent Received		1,540,764	1,940,999
	Revenue from commission		2,144,507	-
			3,685,271	**1,940,999**

Note: Due to pandemic issues, management decided to give 50% discount for 6 months (Apr'20-Sept'20) of rental income from Twins Office, which adjusted in Mar'21.

Notes	Particulars	Ref.	2020-21	2019-20
11	**Administrative Expenses**			
	Office expenses		62,825	150,886
	Salary and Wages		845,000	260,000
	Entertainment Expense		1,758	1,570
	Club & Membership fees		20,000	20,000
	Government Fees		131,156	44,761
	Telephone, Mobile & Internet		24,000	6,000
	Donations		-	50,115
	Conveyance		380	-
	Bank Charges		22,810	26,880
	Legal & Professional Fees		166,750	626,407
	Medical/Health Ins.		5,550	-
	Audit Fees		74,500	63,250
	Rate & Tax Local/Reg		341,376	8,195
	Courier Charge		5,166	-
	Depreciation Charge		18,821,833	11,153,963
			20,523,104	**12,412,027**

12 **Deferred tax liabilites/expenses**

Deferred tax has been recognised and measured in accordance with the provision of IAS 12: Income Taxes.

Deferred tax arrived at as follows:

Particulars	Carriyng amount as at 31st Mar 2021	Tax Base 31 Mar 2021	Taxable/ (Deductible) temporary
Property, Plant & Equipment	73,228,077	80,993,735	(7,765,658)
	73,228,077	80,993,735	(7,765,658)
Net Temporary difference			
Deferred tax liability/expense on temporary difference			
Average Income Tax rate (Excluding capital gain and dividend income)			32.50%
Deferred tax liability/expense on temporary difference			(2,523,839)
Change in deferred tax assets and liability			(2,523,839)

Mak & Co. CHARTERED ACCOUNTANTS

Opening balance As on 1 April 2020	(382,789)
Provision made duering the period	**(2,906,628)**

13 Related Parties

Following are related parties with who the company has entered into the financial transactions:

Name of the related parties	Relationship
Kleider Sourcing Ltd.	Company under common control

13.1 Transaction and Balance with related parties

Related parties comprise of the parent company, companies under common control/directorship (i.e. group companies), key management personnel of the company and employee's provident fund. The Company in the naormal course of business carries out transactions with various related parties on mutually agreed terms.

Transaction with Kleider Sourcing Ltd.

Nature of Trnsaction:	Short term Loan		
Interest rate:	12%		
Maturity date:	28.02.2021		
Present outstanding:			
Principal:		2,000,000	-
Interest:		236,055	-

14 Number of Employees

The total average number of employees during the year and as at 31 March 2020 &31 March 2021 are as follows:

Number of Employees as at March 31	1
Average number of employees during the year	1

15 Date of Authorisation for issue

These financial statements were authorised____________ by the board of Directors of the

16 Events After the reporting period

There are no material events that had occurred after the reproting period to the date of issue of these financial statements, which either requires adjustment or disclosure in these financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2021

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2021

Contents *Page*

Multinational Textile Group Limited and its subsidiaries

Corporate data

		Date of appointment	Date of resignation
Directors:	Deepak Kumar Seth	15 May 2006	-
	Payel Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Sharmil Shah	01 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
	Ashok Kumar Chhabra	28 March 2019	-
	Navin Nagawa (Alternate to Sharmil Shah)	01 March 2018	03 September 2020
	Krishna Ramguttee (Alternate to Shameem Kureemun)	07 August 2018	-

Company secretary: Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Mauritius

Registered office: C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Mauritius

Auditor: Lancasters
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Bankers: HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
Ebène
Mauritius

AfrAsia Bank Limited
Bowen Square
10, Dr Ferriere Street
Port Louis
Mauritius

UBS AG
London
UK

Multinational Textile Group Limited and its subsidiaries

Directors' report

The directors are pleased to present their report together with the audited consolidated financial statements of Multinational Textile Group Limited ("the Company") and its subsidiaries (together referred to as the "Group") for the year ended 31 March 2021.

Principal activity

The principal activity of the Company and its Subsidiaries are investments holding. The Subsidiaries and Sub-subsidiaries are also engaged in trading of garments, design, development, marketing, sourcing and distribution of ready made garments of all kinds, hard goods and other consumer products.

Results and dividend

The results for the year are shown on pages 7 and 8.

The Company has declared and paid a dividend of USD 5,500,000 for the year under review (2020: Nil).

Statement of directors' responsibilities in respect of the consolidated financial statements

Company law requires the directors to prepare consolidated financial statements for each financial period giving a true and fair view of the consolidated statement of financial position and of the consolidated statement of profit or loss and other comprehensive income of the Group. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and
- prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

Our auditors, Lancasters Chartered Accountants have expressed their willingness to continue in office for the next financial year end.

By order of the Board

Director

Date: 21 MAY 2021

Rogers Capital
› Keep evolving

Multinational Textile Group Limited and its subsidiaries

Secretary's certificate
for the year ended 31 March 2021

Statement from secretary under Section 166(d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company Secretary

Date: 21 MAY 2021

Lancasters
Chartered Accountants

Auditors' report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited and its subsidiaries (the "Group") set out on pages 7 to 94 which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Group as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

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

In connection with our audit of the consolidated 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 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.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditors' report to member of Multinational Textile Group Limited (continued)

Responsibilities of the Directors for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director'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 Group'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 Group 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Lancasters
Chartered Accountants

Auditors' report to member of Multinational Textile Group Limited (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with the directors 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.

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company or its subsidiaries other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 21.05.2021

GGi
INDEPENDENT MEMBER

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 March 2021

	Notes	**2021 USD**	2020 USD
Revenue	9	**812,402,646**	918,302,857
Cost of sales		**(696,838,267)**	(783,979,176)
Gross profit		**115,564,379**	134,323,681
Operating income		**20,462,187**	17,511,015
Other income		**5,738,912**	3,113,163
Marketing, selling and distribution expenses		**(14,489,054)**	(21,506,739)
Manufacturing and other expenses		**(471,994)**	(1,754,755)
Share of loss of joint venture		**(527,604)**	(973,693)
General and administrative expenses		**(91,392,409)**	(104,645,807)
Depreciation and amortisation	12,14,37,19	**(8,675,656)**	(6,949,289)
Results from operating activities		**26,208,761**	19,117,576
Finance income		**261,217**	396,731
Finance costs		**(4,543,645)**	(7,207,028)
Net finance costs	10	**(4,282,428)**	(6,810,297)
Profit before taxation		**21,926,333**	12,307,279
Taxation	11	**(2,630,856)**	(1,091,268)
Profit for the year		**19,295,477**	11,216,011

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss and other comprehensive income (continued)
for the year ended 31 March 2021

	2021 **USD**	2020 USD
Profit for the year	**19,295,477**	11,216,011
Other comprehensive income		
Foreign currency translation differences for foreign operations	**3,212,311**	160,059
Net (loss)/gain on cash flow hedges	**(628,028)**	1,104,681
Net movement in fair value through profit or loss reserves	**1,088,604**	(229,806)
Other comprehensive income for the year	**3,672,887**	1,034,934
Total comprehensive income for the year	**22,968,364**	12,250,945
Profit attributable to:		
Owners of the company	**10,733,232**	5,956,038
Non-controlling interest	**8,562,245**	5,259,973
Profit for the year	**19,295,477**	11,216,011
Total comprehensive income attributable to:		
Owners of the company	**13,934,804**	8,794,581
Non-controlling interest	**9,033,560**	3,456,364
Total comprehensive income for the year	**22,968,364**	12,250,945

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position
as at 31 March 2021

	Notes	2021 USD	2020 USD
Assets			
Non-current assets			
Property, plant and equipment	12(a)	**31,100,053**	30,376,382
Capital work in progress	12(b)	**617,771**	2,731,618
Goodwill	13	**6,883,294**	6,820,356
Intangible assets	14	**482,554**	606,453
Right of use assets	35(a)	**9,184,565**	10,809,548
Financial assets at fair value through profit or loss	15	**4,187,570**	3,539,231
Financial assets at fair value through other comprehensive income	16	**7,723,939**	1,357,831
Other investments	17	**2,922**	4,214
Interest in joint ventures and associates	18	**1,249,587**	3,688,484
Investment property	19	**10,404,750**	10,084,272
Receivables	20	**475,123**	560,749
Deferred tax assets	21	**1,154,603**	54,829
Total non-current assets		**73,466,731**	70,633,967
Current assets			
Inventories	22	**26,965,083**	24,277,993
Financial assets at fair value through profit or loss	15	**7,835,789**	3,140,200
Derivative financial instruments	32	**506,336**	1,718
Trade and other receivables	23	**167,314,231**	166,986,067
Cash and cash equivalents	30	**33,727,361**	46,091,066
Total current assets		**236,348,800**	240,497,044
Total assets		**309,815,531**	311,131,011

Approved by the Board of Directors on. ....2 1 MAY 2021......... and signed on its behalf by

....
Director

....
Director

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of financial position (continued)
as at 31 March 2021

	Notes	2021 USD	2020 USD
Equity and liabilities			
Equity			
Stated capital	24	**21,948,270**	21,948,270
Reserves	25	**58,933,960**	50,944,252
Equity attributable to owners of the Company		**80,882,230**	72,892,522
Non-controlling interests	26	**9,688,070**	7,002,467
Total equity		**90,570,300**	79,894,989
Liabilities			
Non-current liabilities			
Long term loans	27	**85,424**	77,004
Payables	28	**66,607**	207,507
Lease liabilities	35(b)	**6,544,695**	8,387,495
Employee benefit		**541,190**	607,623
Total non-current liabilities		**7,237,916**	9,279,629
Current liabilities			
Short term loans	29	**64,179,944**	95,388,337
Bank overdrafts	30	**1,488,638**	1,721,146
Tax payable		**2,849,435**	1,289,243
Trade and other payables	31	**137,402,827**	119,086,989
Derivative financial instruments	32	**328,064**	132,279
Lease liabilities	35(b)	**2,766,110**	2,376,335
Employee benefit		**2,992,297**	1,962,064
Total current liabilities		**212,007,315**	221,956,393
Total liabilities		**219,245,231**	231,236,022
Total equity and liabilities		**309,815,531**	311,131,011

Approved by the Board of Directors on ....21 MAY 2021........ and signed on its behalf by

.... Director .... Director

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of changes in equity
for the year ended 31 March 2021

	Stated capital USD	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Fair Value reserves USD	Total USD	Non-controlling interests USD	Total equity USD
At 01 April 2019	21,948,270	(1,217,131)	(5,320,939)	(1,365,834)	53,151,192	172,344	67,367,902	5,798,919	73,166,821
Adjustments (including IFRS 16)	-	910,607	(1,194,560)	-	(1,744,624)	1,927	(2,026,650)	(559,697)	(2,586,347)
Balance at 01 April 2019 as adjusted	21,948,270	(306,524)	(6,515,499)	(1,365,834)	51,406,568	174,271	65,341,252	5,239,222	70,580,474
Transactions with owners of the Company									
Contributions by and distributions									
Employee benefit obligation	-	-	-	-	-	-	-	(56,067)	(56,067)
Acquisition of subsidiary	-	-	-	-	-	-	-	524,950	524,950
Dividend declared and paid	-	-	-	-	-	-	-	(2,523,440)	(2,523,440)
Adjustment during the year	-	-	242,160	-	286,216	-	528,376	(1,410,249)	(881,873)
Changes in ownership interests									
Acquisition of NCI without a change in control	-	-	-	-	(272,307)	-	(272,307)	272,307	-
Sale of share to NCI	-	-	-	-	(285,347)	-	(285,347)	285,347	-
Total comprehensive income									
Profit for the year	-	-	-	-	5,956,038	-	5,956,038	5,259,973	11,216,011
Other comprehensive income									
Net movement in fair value reserves	-	-	-	-	-	(229,806)	(229,806)	-	(229,806)
Foreign currency translation differences on foreign operations	-	-	749,635	-	-	-	749,635	(589,576)	160,059
Net profit on cash flow hedges	-	1,104,681	-	-	-	-	1,104,681	-	1,104,681
Balance at 31 March 2020	21,948,270	798,157	(5,523,704)	(1,365,834)	57,091,168	(55,535)	72,892,522	7,002,467	79,894,989

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of changes in equity (continued)
for the year ended 31 March 2021

	Stated capital USD	Hedging reserves USD	Translation Reserves USD	Capital Reserves USD	Retained earnings USD	Fair value reserves USD	Total USD	Non-controlling interests USD	Total equity USD
At 01 April 2020	**21,948,270**	**798,157**	**(5,523,704)**	**(1,365,834)**	**57,091,168**	**(55,535)**	**72,892,522**	**7,002,467**	**79,894,989**
Transactions with owners of the Company									
Contributions by and distributions									
Capital contribution by NCI	-	-	-	-	-	-	-	4,902	4,902
Other Comprehensive Income Gratuity	-	-	-	-	73,947	-	73,947	-	73,947
Dividend declared and paid	-	-	-	-	(5,500,000)	-	(5,500,000)	(4,005,265)	(9,505,264)
Acquisition of NCI without a change in control	-	-	-	(601,406)	-	-	(601,406)	-	(601,406)
Acquisition of NCI	-	-	-	82,361	-	-	82,361	(754,329)	(671,968)
Total comprehensive income									
Profit for the year	-	-	-	-	10,733,233	-	10,733,233	8,562,246	19,295,479
Other comprehensive income									
Net movement in fair value through profit or loss reserves	-	-	-	-	-	1,063,222	1,063,222	25,382	1,088,604
Foreign currency translation differences on foreign operations	-	-	2,766,379	-	-	-	2,766,379	445,932	3,212,311
Net losson cash flow hedges	-	(628,028)	-	-	-	-	(628,028)	-	(628,028)
Balance at 31 March 2021	**21,948,270**	**170,129**	**(2,757,325)**	**(1,884,879)**	**62,398,348**	**1,007,687**	**80,882,230**	**9,688,070**	**90,570,300**

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of cash flows
for the year ended 31 March 2021

	2021 USD	2020 USD
Cash flows from operating activities		
Profit before tax	**19,295,479**	11,216,091
Adjustments for:		
Depreciation and amortisation	**8,675,655**	6,949,289
Share of loss of joint venture	**527,604**	973,693
Income tax expense	**2,630,856**	1,091,268
Exchange difference	**2,700,641**	(2,678,248)
Operating profit before changes in working capital	**33,830,235**	17,552,013
Changes in working capital		
Change in inventories	**(2,687,090)**	(4,916,155)
Change in receivables and trade and other receivables	**(242,538)**	27,828,434
Change in payables and trade and other payables	**18,174,944**	(15,809,210)
	49,075,551	24,655,082
Tax paid	**(2,170,437)**	(1,258,393)
Net cash from operating activities	**46,905,114**	23,396,689
Cash flows from investing activities		
Acquisition of property, plant and equipment and capital work in progress	**(6,188,184)**	**(13,100,842)**
Proceeds from sale of property, plant and equipment	**49,321**	**2,366**
Movement in financial assets at fair value through other comprehensive income	**(7,555,661)**	**155,975**
Movement in financial assets at fair value through profit or loss	**(4,154,374)**	-
Proceeds from sale of subsidiary	**1,291**	520,736
Movement in investment property	**(320,477)**	582,193
Movement in intangibles	**60,961**	590,909
Movement in Joint venture	**2,438,896**	222,706
Acquisition of investment in NCI	**(671,968)**	-
Net cash used in investing activities	**(16,340,195)**	(11,025,957)

The notes on pages 16 to 92 form part of these consolidated financial statements.

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of cash flows (continued)
for the year ended 31 March 2021

	2021 USD	2020 USD
Cash flows from financing activities		
Dividend paid	**(11,699,935)**	(2,523,440)
Repayment of obligation under finance lease	**171,956**	-
Movement in employee benefits obligation	**963,799**	2,303,531
Movement in short terms loans	**(31,208,394)**	(3,434,062)
Contribution by NCI	**4,902**	-
Movement in long term loans	**8,419**	(3,774)
Movement in derivative financial instrument	**(936,862)**	1,238,802
Net cash used in financing activities	**(42,696,115)**	(2,418,943)
Net movement in cash and cash equivalents	**(12,131,196)**	9,951,789
Cash and cash equivalents at 01 April	**44,369,919**	34,418,131
Cash and cash equivalents at 31 March *(note 30)*	**32,238,723**	44,369,920
Cash and cash equivalent comprise:		
Cash in hand and at banks	**33,727,361**	46,091,066
Bank overdraft	**(1,488,638)**	(1,721,146)
Cash and cash equivalent at 31 March	**32,238,723**	44,369,920

The notes on pages 16 to 92 form part of these consolidated financial statements

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

1. **General information**

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Category 1 Global Business Licence on 29 March 2006 under the Financial Services Act 2007. The address of the registered office is C/O Rogers Capital Corporate Services Limited, 3rd floor, Rogers House, No. 5 President John Kennedy Street, Port-Louis, Mauritius.

The principal activity of the Company and its subsidiaries are investments holding. The subsidiaries and Sub-subsidiaries are also engaged in trading of garments, design, development, marketing, sourcing and distribution of ready-made garments of all kinds, hard goods, other consumer products, manufacturing of garments and development of software apps services.

The consolidated financial statements for the year ended 31 March 2021 comprise of 'the Company and its subsidiaries which are as follows:

1	360 Notch Limited (Old Name: PoeticGem Australia Limited; GEM Australia Manufacturing Company Ltd) (July 31, 2015)	**44**	PDS Asia Star Corporation Limited
2	BluePrint Design Ltd	**45**	PDS Far East USA, Inc.
3	Casa Forma Limited	**46**	PDS Global Investments Limited
4	Clover Collections Limited (formerly known as DS Manufacturing Limited / Designed and Sourced Limited)	**47**	PDS Trading (Shanghai) Co. Ltd
5	Clover Collections FZCO	**48**	PDS Ventures Ltd
6	Design Arc Asia Limited (Old Name: Design Arc Limited / NOR France Manufacturing Co. Ltd.)	**49**	PG Group Limited
7	Design Arc Europe Limited (Old Name: Nor Europe Manufacturing Co. Limited)	**50**	PG Home Group Limited
8	Design Arc FZCO	**51**	PG Home Group SpA
9	Design Arc UK Limited	**52**	PG Shangha Mfg Co. Ltd
10	Digital Ecomm Techno Limited	**53**	Poetic Brands Limited
11	Digital Internet Technologies Limited	**54**	Poetic Knitwear Ltd
12	Apex Black Limited	**55**	Poeticgem Internataional Ltd
13	Fareast Vogue Limited	**56**	Poeticgem Ltd
14	PDS Smart Fabric Tech Limited (formerly known as: Fullhouse Manufacturing Limited)	**58**	Progress Apparels (Bangladesh) Limited
15	FX Import Co. Limited	**59**	Progress Manufacturing Group Ltd
16	FX Imports Hong Kong Limited	**60**	Recovered Clothing Limited
17	Green Apparel Industries Ltd	**61**	Redwood Internet Ventures Limited
18	Green Smart Shirts Limited	**62**	Rising Asia Star Hong Kong Co., Limited (Old names: Techno Manufacturing Limited / Sino West Manufacturing Co Ltd)

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

1. **General information (continued)**

19	Grupo Sourcing Limited
20	Grupo Sourcing Limited Bangladesh
21	Jcraft Array Limited
22	JJ Star Industrial Limited
23	Techno Sourcing BD Limited
24	Kindred Brands Limited (Old Name: NW Far-east Limited)
25	Kindred Fashions Limited
26	Kleider Sourcing FZCO
27	Kleider Sourcing Hong Kong Limited
28	Kleider Sourcing Limited Bangladesh
29	Krayons Sourcing Limited (old name: Sourcing Solutions HK Limited)
30	LillyandSid Ltd
31	Multinational Textile Group Limited
32	Multinational OSG Services Bangladesh Limited
33	Nor Manufacturing SI.A
34	Nor India Manufacturing Co. Limited
35	Nor Lanka Manufacturing Colombo Limited
36	Nor Lanka Manufacturing Ltd
37	Nor Lanka Progress Pvt Ltd
38	Norwest Industries Limited
39	Pacific Logistics Ltd
40	PDS Manufaturing Limited
41	PDS Far-east Limited
42	PDS Sourcing Limited (Old name: Global Textile Group Limited)
43	PDS Ventures Limited (Old name: Multi Tech Venture Limited)

63	Simple Approach (Canada) Ltd (Formerly: Poeticgem Canada Limited)
64	Simple Approach Limited
65	Smart Notch Industrial Limited
66	Smart Notch Ltd. (Shanghai)
67	Casa collective Limited (Formerly known as Sourcing East WestLimited
68	Sourcing Solution Europe BVBA
69	Spring Near East FZCO
70	Spring Near East Manufacturing Co. Limited
71	Styleberry Limited
72	Techno Design GmBH
73	Techno Design HK Limited (Old Name: DPOD Manufacturing Limited)
74	Technocian Fashions Pvt Limited
75	Twins Asia FZCO
76	Twins Asia Limited (6Degree Manufacturing Ltd)
77	6 Degree Manufacturing Limited (formerly known as Zamira Denim Lab Limited)
78	Zamira Fashions Limited
79	Zamira Fashions Limited Zhongshan
80	Poeticgem International FZCO
81	PDS Multinational FZCO

2. **Basis of preparation**

   (a) Statement of compliance

   The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the Mauritius Companies Act 2001.

2. **Basis of preparation (continued)**

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, other investments and derivative financial instruments which have been measured at fair value.

(c) Functional currency and presentation currency

Since the Group operates in an international environment and conducts most of its transactions in foreign currencies, the Group has chosen to retain United States Dollar (USD) as its reporting currency. The Group determines its functional currency based on the primary economic environment in which the Group operates.

The consolidated financial statements are presented in United States Dollar (USD) which is the Group's functional and presentation currency.

3. **Basis of consolidation**

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meet definition of a business and control is transferred to the Group. In determining whether a particular set of assets or activities is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

3. **Basis of consolidation (continued)**

(iii) Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Interests in equity accounted investees

The Group's interests in equity-accounted investees comprise interest in joint ventures and associates.

An associate is an entity over which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, less any impairment losses and, until the date on which significant influence or joint control ceases.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

4. **Significant accounting policies**

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Goodwill is not amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

4. **Significant accounting policies**

Leases (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is 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 recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4. **Significant accounting policies**

Leases (continued)

Group as a lessor(continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably
elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at amortised cost include receivables, trade and other receivables, derivative financial instruments and cash and cash equivalents.

4. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis is measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit
risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.
In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whetherthe financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

4. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

4. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Impairment of financial assets(continued)

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

4. Significant accounting policies (continued)

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

4. **Significant accounting policies (continued)**

<u>*Fair value measurement*</u>

The Group measures financial instruments such as derivatives, and non-financial assets at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. **Significant accounting policies (continued)**

Foreign currencies

The Group's consolidated financial statements are presented in USD, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss is reclassified to profit or loss reflects the amount that arises from using this method.

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to USD at the foreign exchange rate ruling at reporting date. Foreign exchange differences arising on translation are recognised in the consolidated statement of profit or loss and other comprehensive income.

(ii) Group companies - consolidated financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to USD at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to USD at rates approximating to the foreign exchange rates ruling at the dates of the transactions or average rates. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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 Group could be required to repay.

4. **Significant accounting policies (continued)**

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Revenue recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised when it is probable that the economic benefits will flow to the subsidiaries and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Sales are recognised when invoices are made and delivered to customers at the time of shipment;

(b) handling fee income, in the period in which the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income

Dividend income from investments is accounted for in profit or loss when the right to receive payment is established.

4. **Significant accounting policies (continued)**

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

Bank Borrowings

Interest bearing bank loans and overdrafts are initially measured as fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs, if any) and the settlement or redemption of borrowings is recognised over the terms of borrowings in accordance with the Group's policy for borrowing cost.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

4. **Significant accounting policies (continued)**

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the other party is subject to common control or common significant influence.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's equity instrument represents its issued share capital and is recorded at the share subscription received/receivable at the issuance of shares.

Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Dividends to shareholder

Interim dividends are recognised directly as a liability when they are proposed and declared by the directors.

Final dividends are recognised as a liability when they are approved by the shareholders before the reporting date.

Dividends declared after the reporting date is disclosed in notes to accounts.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade and other receivables

Trade debts, other receivables and factored debt are stated at original invoice as reduced by appropriate provision for expected credit losses. Bad debts are written off when identified.

Trade and other payables

Trade and other payables are stated at cost.

4. Significant accounting policies (continued)

Finance leases and hire purchase commitments

Leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are accounted for as finance leases.

Assets held under finance leases of hire purchase commitments are recognised as assets of the Group at the lower of their fair value or present value of the minimum lease payments at the date of acquisition. The depreciation policy for such assets is consistent with that for equivalent depreciable assets which are owned by the Group, unless there is no reasonable certainty that the Group will obtain the ownership of such assets by the end of the lease terms, in which case the assets will be fully depreciated over the shorter of the lease terms or their estimated useful life.

The corresponding liability to the lessor or hire purchase creditor is included in the consolidated statement of financial position as an obligation under finance lease or hire purchase contract. The finance costs, which represent the difference between the total leasing commitments and the outstanding principal amount at the date of inception of the finance lease or hire purchase contract, are charged to the consolidated statement of profit or loss and other comprehensive income at a constant periodic rate on the remaining balance of the obligations under finance leases or hire purchase commitments for each reporting period.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or constructions of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4. **Significant accounting policies (continued)**

Property, plant and equipment (continued)

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	over the shorter of the lease term and 33.33%
Buildings	3%
Infrastructure	20% straight line basis
Computer and equipment	10 - 33.33% straight line basis
Fixtures, fittings and equipment	10% - 33.33% straight line basis
Motor vehicle	14% - 33.33% straight line basis
Plant and machinery	20% - 25% straight line basis

The carrying values of property, plant and equipment are reviewed for impairment when events or changes indicate the carrying value may not be recoverable. If any such indication exists and carrying values exceed recoverable amounts such assets are written down to their recoverable amounts.

Investment property

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at costs, including transaction costs and any direct attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment.

Depreciation is calculated on the straight-line basis to write off the cost of each investment property, which is the shorter of 50 years and the terms of the lease.

Any gain or loss on disposal recognised in profit or loss in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the investment properties.

Taxation

Income tax expense comprises of current and deferred tax. It is recognised in the consolidated statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. It is measured using the tax rates enacted at the reporting date.
Current tax is recognised in correlation to underlying transactions either in profit and loss or, other comprehensive income or directly in equity. Current tax assets and liabilities are offset only if certain criteria are met.

4. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the First-In, First-Out (FIFO) principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress cost include an appropriate share of production overhead based on normal operating capacity.

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and 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.

4. Significant accounting policies (continued)

Offsetting of financial instruments

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

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements.

Employee benefits

(i) Defined benefit plans

The Group's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligations under "administrative expenses" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

4. **Significant accounting policies (continued)**

Employee benefits (continued)

(ii) Other employee benefits – pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local municipal governments. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the respective central pension schemes.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedge item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

4. **Significant accounting policies (continued)**

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, the amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction occurs or the foreign currency firm commitment is met.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment e.g. Sourcing, Manufacturing and others), or in providing products or services within a particular economic environment, which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business segments. The Group's primary format for segment reporting is based on business segments.

4. **Significant accounting policies (continued)**

Segment reporting (continued)

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Group's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- dividend expense on preference shares issued classified as financial liabilities;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

4. **Significant accounting policies (continued)**

Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes finance income and finance costs, share of profit or loss of joint ventures and income taxes.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle:
- Held primarily for the purpose of trading:
- Expected to be realised within twelve months after the reporting period:

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle:
- It is held primarily for the purpose of trading:
- It is due to be settled within twelve months after the reporting period:

  Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation costs, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognised when risks and rewards associated with such assets are transferred to the Company.

No depreciation is charged on capital work in progress as this is not yet available for use.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

5. Changes in significant accounting policies

5.1 New and amended standards and interpretations that are mandatorily effective for the current year

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest rate Benchmark Reform*
Amendments to IAS 1 and IAS 8	*Definition of Material*

Amendments to References to Conceptual Framework in IFRS Standards

The Group's adoption of the above pronouncements has had no significant financial effect on the Group's consolidated financial statements. The nature and impact of these amendments are described below:

(a) Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2019 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.

- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and

- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 April 2020. The amendments did not have any impact on the financial position and performance of the Group.

5. **Changes in significant accounting policies (continued)**

5.1 New and amended standards and interpretations that are mandatorily effective for the current year (continued)

(b) Interest rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments to IFRS 9, IAS 39 and IFRS 7 addresses issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (''RFR''). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedge relationships which are directly affected by these uncertainties.

The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(c) Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendments did not have any significant impact on the financial position and performance of the Group.

(d) Amendments to References to Conceptual Framework in IFRS standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered, and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2019, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

5. **Changes in significant accounting policies (continued)**

5.2 Accounting standards and interpretation issued and not yet effective

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	Reference to the Conceptual Framework (1)
Amendments to IAS 1	Classification of Liabilities as Current or Non-current (2)

Annual improvements to IFRSs 2018 - 2020 (1)

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent asset do not qualify for recognition at the acquisition date.

The Group expects to adopt the amendments prospectively from 1 April 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

5. **Changes in significant accounting policies (continued)**

5.2 Accounting standards and interpretation issued and not yet effective (continued)

Classification of liabilities as current or non-current (Amendments to IAS 1)

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted. The amendments are to be applied retrospectively from the effective date.

Annual Improvements to IFRS Standards 2018-2020

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the ''10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

6. **Critical accounting judgments and key sources of estimation uncertainty**

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.

6. **Critical accounting judgments and key sources of estimation uncertainty (continued)**

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of property, plant and equipment

Items of property, plant and equipment are tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the relevant cash-generating unit and a suitable discount rate is used in order to calculate the present value.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type).

6. **Critical accounting judgments and key sources of estimation uncertainty (continued)**

Provision for expected credit losses on trade receivables (continued)

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 24 to the financial statements.

Defined benefit plan

The determination of the Group's obligation and cost for defined benefits is performed by independent actuary engaged by the Group and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognised immediately in other comprehensive income as and they occur. While the Group believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affects its pension and other retirement obligations.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Current tax and deferred tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

6. Critical accounting judgments and key sources of estimation uncertainty (continued)

Current tax and deferred tax (continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectations are different from the original estimates, such differences will impact on the recognition of deferred tax assets and deferred tax in the periods in which such estimates have been changed.

Impairment of inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value measurement of financial instruments

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in an active market for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

6. **Critical accounting judgments and key sources of estimation uncertainty (continued)**

Fair value measurement of financial instruments (continued)

- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect the differences between the instruments.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Going Concern

In light of the COVID19, management has made an assessment in respect of the Group's going concern and concluded that there is no issue for which the Group will no longer be going concern. The Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

7. **Financial instruments – Fair values and risk management**

Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2021	Financial assets at Amortised cost USD	Financial assets at fair value through profit or loss USD	Financial assets at fair value through other comprehensive income USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets									
Financial assets at fair value through profit or loss	-	12,023,367	-	-	12,023,367	8,571,311	3,452,056	-	12,023,367
Financial assets at fair value through other comprehensive income	-	-	7,723,938	-	7,723,938			7,723,938	7,723,938
Receivables	65,609	-	-	-	65,609	-	-	-	-
Trade and other receivables	164,819,320	-	-	-	164,819,320	-	-	-	-
Derivative financial instruments	-	506,336	-	-	506,336		506,336		506,336
Cash & cash equivalent 11	33,727,361	-	-		33,727,361	-	-	-	-
	198,612,290	12,529,703	7,723,938	-	218,865,931	8,571,311	3,958,392	7,723,938	20,253,641

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

7. **Financial instruments – Fair values and risk management (continued)**

Accounting classifications and fair value (continued)

31 March 2021	Financial liabilities at Amortised cost USD	Financial liabilities at fair value through profit or loss USD	Financial liabilities at fair value through other comprehensive income USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities									
Loans	64,265,368	-	-	-	64,265,368	-	-	-	-
Trade and other payables	137,469,434	-	-	-	137,469,434	-	-	-	-
Derivative financial instruments	-	328,064	-	-	328,064	-	328,064	-	328,064
Bank overdraft	1,488,638	-	-	-	1,488,638	-	-	-	-
	203,223,440	328,064	-	-	203,551,504	-	328,064	-	328,064

7. **Financial instruments – Fair values and risk management (continued)**

Accounting classifications and fair values (continued)

31 March 2020	Financial assets at Amortised cost USD	Financial assets at fair value through profit or loss USD	Financial assets at fair value through other comprehensive income USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets									
Financial assets at fair value through profit or loss	-	7,773,724	-	-	7,773,724	3,139,956	3,354,187	1,279,581	7,773,724
Financial assets at fair value through other comprehensive income	-	-	263,538	-	263,538	-	-	263,538	263,538
Receivables	560,749	-	-	-	560,749	-	-	-	-
Trade and other receivables	163,385,464	-	-	-	163,385,464	-	-	-	-
Derivative financial instruments	-	1,718	-	-	1,718	-	1,718	-	1,718
Cash & cash equivalent	46,091,066	-	-	-	46,091,066	-	-	-	-
	213,037,279	7,775,442	263,538	-	218,076,259	3,139,956	3,355,905	1,543,119	8,038,980

7. **Financial instruments – Fair values and risk management (continued)**

Accounting classifications and fair value (continued)

31 March 2020	Financial liabilities at Amortised cost USD	Financial liabilities at fair value through profit or loss USD	Financial liabilities at fair value through other comprehensive income USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities									
Loans	95,465,341	-	-		95,465,341	-	-	-	-
Trade and other payables	119,294,496	-	-	-	119,294,496	-	-	-	-
Derivative financial instruments	-	132,279	-	-	132,279	-	132,279	-	132,279
Bank overdraft	1,721,146	-	-	-	1,721,146	-	-	-	-
	226,480,983	132,279	-	-	216,613,262	-	132,279	-	132,279

7. Financial instruments – Fair values and risk management (continued)

Financial risk management

Introduction and preview

Financial instruments carried on the consolidated statement of financial position include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, other investments, receivables, trade and other receivables, cash and cash equivalents, derivative financial instruments, loans, payables, trade and other payables, obligations under lease and bank overdraft. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Group's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Group provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

- *Price risk*

  The Group is not exposed to commodity price risk.

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

- *Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group has significant exposure to interest rate risk as shown below.

Variable rate of interest is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure

	%	**2021 USD**	2020 USD
Trust receipt loan	1.5%-7% over base rate	**25,136,520**	36,177,844
Other bank loans	1%-2% over base rate	**39,018,391**	59,022,913
		64,154,911	95,200,757

Sensitivity analysis

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit before tax for the year ended 31 March 2021 would increase/decrease by USD 320,775 (2020: USD 426,004). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	Impact on profit before tax 2021 USD	Impact on profit before tax 2020 USD
Trust receipt loan	**125,683**	130,889
Other bank loans	**195,092**	215,115
	320,775	426,004

7. **Financial instruments – Fair values and risk management (continued)**

Financial risk management (continued)

- *Currency risk*

The majority of the Group's foreign currency transactions are in Pound Sterling (GBP), Euro (EUR), Bangladesh Taka (BDT), Canadian Dollar (CAD), Indian Rupee (INR), Swiss Franc (CHF), Renminbi (RMB), Chinese Yuan (CNY), and Dirham (AED). Consequently, the Group is exposed to the risk that the exchange rate of the United States Dollar (USD) relatively to the GBP, EUR, BDT, CAD, INR, CHF, CNY, and LKR may change in a manner which has a material effect on the reported values of the Group's assets and liabilities which are denominated in USD.

Currency profile

	Net financial Assets/(liabilities) 2021 USD	Net financial Assets/(liabilities) 2020 USD
GBP	**(2,423,361)**	4,852,042
EUR	**2,118,680**	5,323,164
BDT	**270,628**	360,016
CAD	**7,590**	533
CHF	**100**	(14,492)
LKR	**(54,032)**	8,337
CNY	**73,306**	(101,076)
	(7,089)	10,428,524

Sensitivity analysis

Currency	**2021 USD**	2020 USD
GBP	**(242,336)**	485,204
EUR	**211,868**	532,316
BDT	**27,063**	36,001
CAD	**759**	53
CHF	**10**	(1,449)
LKR	**(5,403)**	833
CNY	**7,330**	(10,107)
	(709)	1,042,852

7. Financial instruments – Fair values and risk management (continued)

Financial risk management (continued)

Currency risk (continued)

A 10 % strengthening of USD against the above currencies at 31 March 2021 would have decreased net profit before tax by USD 709 (2020 Increase: USD 1,042,852). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2019.

Similarly a 10 percent weakening of the USD against the above currencies at 31 March 2021 will have had the exact reverse effect.

The above figures for the currency risk have been derived from the financial statements of the subsidiaries dealing with different types of currencies.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from the Group's cash and cash equivalents.

The Group also limits its exposure to credit risk by dealing only with counterparties that has a good credit rating and management does not expect counter party to fail to meet its obligations. In addition, in some areas companies also take credit risk insurance to mitigate any future losses.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	Carrying Amount	
	2021	2020
	USD	USD
Trade and other receivables	**145,646,119**	143,212,478
Pledge time deposits	**18,763,687**	20,172,989
Cash and cash equivalents	**33,727,361**	46,091,066
Financial assets at fair value through profit or loss	**12,023,367**	7,773,724
Financial assets at fair value through other comprehensive income	**7,723,938**	263,538
Receivables	**475,123**	560,749
Derivative financial instruments	**506,336**	1718
	218,865,931	218,076,259

7. Financial instruments – Fair values and risk management (continued)

Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the Group's contractual maturities of financial liabilities

31 March 2021

	Carrying amount USD	**Within one year USD**	**One-five years USD**	**More than five years USD**
Financial liabilities				
Loans	**64,265,368**	**64,179,944**	**85,424**	**-**
Trade and other payables	**137,469,434**	**137,402,827**	**66,607**	**-**
Derivatives financial instrument	**328,064**	**328,064**	**-**	**-**
Bank overdraft	**1,488,638**	**1,488,638**	**-**	**-**
Total financial liabilities	**203,551,504**	**203,399,473**	**152,031**	**-**

31 March 2020

	Carrying amount USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities				
Loans	95,465,341	95,388,337	77,004	-
Trade and other payables	119,294,496	119,086,989	207,507	-
Derivatives financial instrument	132,279	132,279	-	-
Bank overdraft	1,721,146	1,721,146	-	-
Total financial liabilities	216,613,262	216,328,751	284,511	

8. Capital management

The Group actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Group's capital position is undertaken by the management team of the Group. The management team ensures that the Group is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely manner, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate.

9. Revenue

Revenue consists of the following:

	2021 USD	2020 USD
Sales of garments	**812,402,646**	918,302,857

10. Net finance costs

	2021 USD	2020 USD
<u>**Finance income**</u>		
Interest income	**261,217**	396,731
Exchange differences	-	-
	261,217	396,731
<u>**Finance costs**</u>		
Interest expense	**(3,306,477)**	(6,672,137)
Exchange differences	**(1,237,168)**	(534,891)
	(4,543,645)	(7,207,028)
Net finance costs	**(4,282,428)**	(6,810,297)

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

11. **Taxation**

Taxation represents a provision made by the Group based on the current rates applicable on their chargeable income and deferred taxation for temporary differences.

The tax rate applicable is 10% - 25%.

Tax recognised in statement of profit or loss and other comprehensive income:

	2021 USD	2020 USD
Current tax expense		
Current year	**2,785,382**	1,091,532
Deferred tax	**(562,681)**	5,512
Adjustment for prior years	**408,155**	(5,776)
Total tax expense	**2,630,856**	1,091,268

Reconciliation of effective tax

	2021 USD	2020 USD
Profit before taxation	**19,256,480**	12,307,279
Tax at the applicable tax rate	**5,153,054**	5,676,086
Non-deductible expenses	**26,477,816**	1,009,412
Tax exempt income	**(29,635,046)**	(3,296,543)
Group relief surrendered	**60,934**	(18,128)
Deemed tax credit	**(895,508)**	(429,394)
Tax losses utilised	**14,771**	(184,906)
Effect of tax in foreign jurisdictions	**993,920**	(1,982,510)
Change in recognized temporary difference	**13,747**	-
Unrealized tax losses not recognised	**40,964**	331,107
Over provided in prior years	**406,204**	(13,856)
	2,630,856	1,091,268

11. **Taxation (continued)**

PG Group Limited

As at the end of the reporting period, certain subsidiaries of PG Group Limited have unused tax losses arising in Mainland China of USD 48,694 (2020: USD 39,557 that will expire in five years for offsetting against future taxable profits. Another overseas subsidiary of the group also had tax losses arising in Chile of USD 799,862 (2020: USD 658,437), that are available indefinitely for offsetting against future taxable profits of that subsidiary.

At the end of the reporting period, deferred tax assets have not been recognized in respect of the unused tax losses of USD 848,556 (2020: USD 697,994), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect these unused tax losses items as it is not considered probable that taxable profits will be available against which these unused tax losses can be utilized.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

12. (a) **Property, plant and equipment**

	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehicles	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Cost										
At 01 April 2019	2,104,107	521,610	9,199,636	7,921,641	8,505,763	1,030,129	-	7,166,387	1,012,097	37,461,370
Additions/ transfers during the year	387,249	-	597,224	3,198,218	1,342,432	240,857	-	1,831,475	3,562	7,601,017
Disposals during the year	-	-	-	-	-	-	-	-	(119,769)	(119,769)
Adjustments during the year	4,359,806	(255,307)	361,147	620,354	(46,406)	146,860	-	128,509	-	5,314,963
Exchange re-alignment	(3,049)	-	(93,729)	(104,248)	(22,154)	(18,872)	-	(53,758)	(43)	(295,853)
Effect of changes in exchange rates	57,058	4,436	36,274	19,999	131,144	11,943	-	29,985	9,946	300,785
At 31 March 2020	6,905,171	270,739	10,100,552	11,655,964	9,910,779	1,410,917	-	9,102,598	905,793	50,262,513

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

12. (a) **Property, plant and equipment (continued)**

	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehicles	Total
Cost	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 01 April 2020	**6,905,171**	**270,739**	**10,100,552**	**11,655,964**	**9,910,779**	**1,410,917**	-	**9,102,598**	**905,793**	**50,262,513**
Additions/ transfers during the year	1,326,850	1,357,213	10,454	875,762	497,404	73,130	544,713	523,058	30,793	5,239,377
Disposal during the year	-	(14,922)	(4,206)	-	(573)	-	(29,619)	-	-	(49,320)
Reclassification during the year	1,406,503	6,796,609	(7,243,787)	-	(1,634,878)	47,219	3,354,168	(2,856,441)	130,607	-
Additional stake in subsidiary	-	-	-	146,042	-	-	-	-	-	146,042
Adjustments during the year	200	-	(9,327)	-	(165,851)	(16,547)	-	(8,746)	-	(200,271)
Exchange re-alignment	(204,185)	22,866	48,149	117,419	4,572	22,637	48,534	23,240	817	84,049
Effect of changes in exchange rates	(7,697)	(26,168)	129,401	183,271	(10,844)	(36)	(10,024)	114,193	9,128	381,224
At 31 March 2021	**9,426,842**	**8,406,337**	**3,031,236**	**12,978,458**	**8,600,609**	**1,537,320**	**3,907,772**	**6,897,902**	**1,077,138**	**55,863,614**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

12. (a) **Property, plant and equipment (continued)**

Depreciation	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehicles	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 01 April 2019	1,464,720	16,127	1,202,569	2,115,621	5,093,926	422,339	-	3,571,216	802,583	14,689,101
Charge for the year	424,876	26,416	478,458	941,461	1,071,500	285,880	-	951,308	73,469	4,253,368
Disposals during the year	-	-	-	(9,333)	-	-	-	-	(118,555)	(127,888)
Adjustment during the year	1,157,756	-	-	(13,270)	(158,227)	122,308	-	13,378	-	1,112,611
Exchange re-alignment	(2,268)	-	(7,274)	(17,819)	(4,782)	(11,214)	-	(15,215)	8	(58,564)
Effect of changes in exchange rates	29,843	426	(42,931)	(50,799))	68,392	7,262	-	(12,879)	(8,855)	8,169
At 31 March 2020	3,830,244	227,770	8,469,730	8,690,103	3,839,970	584,342	-	4,594,790	139,433	30,376,382

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

12. (a) **Property, plant and equipment**

Depreciation	Leasehold improvement	Land and buildings Freehold	Land and buildings leasehold	Plant and machinery	Office equipment	Computer and IT equipment	Other equipment	Furniture and fixtures	Motor vehicles	Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 01 April 2020	3,074,927	42,969	1,630,822	2,965,861	6,070,809	826,575	-	4,507,808	766,360	19,886,131
Charge for the year	451,134	548,329	60,031	1,131,972	1,004,527	359,263	508,617	688,534	106,620	4,859,027
Disposal during the year	-	-	-	-	-	-	-	-	-	-
Reclassification during the year	164,888	440,917	-	-	(251,640)	22,972	881,305	(654,356)	51,899	655,985
Adjustment during the year	7,966	-	(655,984)	-	(171,208)	(4,673)	-	(16,733)	-	(840,632)
Exchange re-alignment	3,639	46,798	(9,327)	42,922	4,859	17,650	(283,114)	19,260	(720)	(158,033)
Effect of changes in exchange rates	(4,470)	(3,349)	110,674	162,357	(13,333)	(1,323)	(3,729)	108,670	5,606	361,083
At 31 March 2021	3,698,084	1,075,664	1,136,189	4,303,113	6,644,014	1,220,464	1,103,079	4,653,183	929,765	24,763,561
Net book value										
At 31 March 2021	5,728,758	7,330,673	1,895,040	8,675,346	1,956,595	316,856	2,804,693	2,244,719	147,373	31,100,053
At 31 March 2020	3,830,244	227,770	8,469,730	8,690,103	3,839,970	584,342	-	4,594,790	139,433	30,376,382

12. (b) **Capital work in progress**

	USD
Cost	
At 01 April 2019	2,079,668
Addition during the year	4,933,501
Effect of changes in exchange rates	(35,621)
Transfer during the year	(4,124,991)
Adjustment during the year	(120,939)

At 31 March 2020	2,731,618
	=======
At 01 April 2020	**2,731,618**
Addition during the year	**948,807**
Effect of changes in exchange rates	**28,583**
Transfer during the year	**(3,008,161)**
Write off	**(83,076)**

At 31 March 2021	**617,771**
	=======

Multinational Textile Group Limited and its subsidiaries

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13. **Goodwill**

	Goodwill USD
Cost	
At 01 April 2019	7,807,624
Addition during the year	895,503
Adjustment during the year	(1,914,554)
Exchange realignment	31,783
At 31 March 2020	6,820,356
At 01 April 2020	**6,820,356**
Addition during the year	**3,311**
Impairment during the year	**(110,833)**
Exchange realignment	**170,460**
At 31 March 2021	**6,883,294**
Amortisation	
At 01 April 2019	-
Charge for the year	-
Adjustment during the year	
At 31 March 2020	-
At 01 April 2020	-
Charge for the year	-
Adjustment during the year	-
At 31 March 2021	**-**
At 31 March 2021	**6,883,294**
At 31 March 2020	6,820,356

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

14. **Intangible assets**

	Software USD	Patent and license USD	Total USD
Cost			
At 01 April 2019	**408,480**	**-**	**408,480**
Addition during the year	**150,634**	**-**	**150,634**
Adjustment during the year	**492,733**	-	**492,733**
Exchange realignment	**(6,433)**	**-**	**(6,433)**
At 31 March 2020	**1,045,413**	**-**	**1,045,413**
At 01 April 2020	**1,045,413**	**-**	**1,045,413**
Addition during the year	**249,914**	**4,003**	**253,917**
Adjustment during the year	**17,436**	**-**	**17,436**
Exchange realignment	**(76,824)**	**-**	**(76,834)**
At 31 March 2021	**1,235,929**	**4,003**	**1,239,932**
Amortisation			
At 01 April 2019	**168,385**	-	**168,385**
Charge for the year	**114,051**	**-**	**114,051**
Adjustment during the year	**158,870**		**158,870**
Exchange realignment	**(2,346)**	**-**	**(2,346)**
At 31 March 2020	**438,960**	**-**	**438,960**
At 01 April 2020	**438,960**	**-**	**438,960**
Charge for the year	**125,445**	**633**	**126,078**
Adjustment during the year	**188,694**	**-**	**188,694**
Exchange realignment	**3,607**	**34**	**3,646**
At 31 March 2021	**746,006**	**667**	**757,378**
At 31 March 2021	**479,218**	**3,336**	**482,554**
At 31 March 2020	**606,453**	**-**	**606,453**

Trademarks and Brand name are amortised over a period of 3 - 5 years which in the opinion of the directors is the estimated economic life.

15. Financial assets at fair value through profit or loss

	2021 USD	2020 USD
Equity investments, at fair value	**3,657,054**	231,058
Debt investments at fair value	**4,914,249**	3,094,516
Investments in life insurance policies at fair value	**3,452,056**	3,353,857
	12,023,359	6,679,431
Current portion	**(7,835,789)**	(3,140,200)
Net current portion	**4,187,570**	3,539,231

Notes:

(a) The above equity investments were upon initial recognition, designated by the Group as financial assets at fair value through profit or loss and are stated at fair value.

(b) The above listed debt investments were investments in bonds which are held for trading. They were designated by the Group as financial assets at fair value through profit or loss and are stated at fair value.

(c) The Group entered into three life insurance policies with an insurance company to insure an executive director. Under these policies, the Group is the beneficiary and the policy holder. The Group paid upfront premiums for these policies and may surrender any time by filing a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors, the surrender values of the policies provided by the insurance company are the best approximation of their fair values, which are categorised within Level 3 of the fair value hierarchy.

At 31 March 2021, the above investments consisted of investments in life insurance policies and listed equity investments which had been designated as financial assets at fair value through profit or loss and are stated at fair value

The fair values of the listed equity investments were based on quoted market prices.

16. Financial assets at fair value through other comprehensive income

	2021 USD	2020 USD
Non current assets		
Unlisted investments, at fair value	**7,723,939**	1,357,831

The Group has designated the above investments as financial assets at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

17. Other investments

	2021 USD	2020 USD
Other investments	2,922	4,214

Name of company	*Type of shares*	*Number of shares*	*2019 % held*	*Country of incorporation*
Ethical Fashion Group Ltd	Equity	54,348	0.87%	United Kingdom

18. **Investment in joint ventures and associates**

Interest in joint ventures

	2021	2020
	USD	USD
Amount due from joint venture	**3,007,740**	2,935,717
Share of net liabilities	**(931,122)**	(855,344)
Less: impairment	**(827,031)**	-
At 31 March (A)	**1,249,587**	2,080,373

During the year ended 31 March 2021, an impairment loss of USD 827,031 was recognized for an investment in a joint venture because the recoverable amount of the joint venture is less than its carrying amount.

The amount due from a joint venture is unsecured, interest-free and repayable on demand. In the opinion of the directors, the balance is considered as part of the Group's net investment in the joint venture.

Particulars of the Group's joint venture are as follows:

				Percentage of		
Name	**Particulars of issued shares held**	**Place of registration and business**	**Ownership interest**	**Voting power**	**Profit sharing**	**Principal activities**
Sourcing Solutions Limited	Registered capital of USD 10,000 each	Hong Kong	50	50	50	Trading of garments products

Interest in associates

	2021	2020
	USD	USD
Share of net assets	**-**	182,878
Goodwill	**-**	1,425,233
At 31 March (B)	**-**	1,608,111
Total (A+B)	**1,249,587**	3,688,484

18. Investment in joint ventures and associates (continued)

Interest in associates (continued)

During the year ended 31 March 2021, the Group ceased to have significant influence on Atterley.com Holdings Limited ("Atterley") as a result of the Group's shareholding interest in Atterley was diluted from 27.23% to 14.40% after allotments of the new ordinary shares to new investors by Atterley. Atterley ceased to be an associate of the Group and thus the Group discontinued to use of equity method on its investment in Atterley, and accordingly, the investment in Atterley at the date when significant influence is lost was recognized at fair value and the amount was regarded as the fair value on initial recognition of a financial assets at fair value through other comprehensive income.

In addition, the group also has investment in associate in the following company:

Name of company	***Type of shares***	***Number of shares***	***2021 % held***	*2020 % held*	***Country of incorporation***
GWD Enterprise Limited	Equity	100 A shares and 25 B shares	25	25	United Kingdom

19. Investment Property

	Total USD
Cost	
At 01 April 2019	15,678,656
Addition / transfer during the year	47,943
Effect of changes in exchange rates	(313,762)
Adjustment during the year	(371,082)
At 31 March 2020	15,041,755
At 01 April 2020	**15,041,755**
Addition / transfer during the year	**-**
Effect of changes in exchange rates	**739,155**
At 31 March 2021	**15,780,910**

19. **Investment Property (continued)**

	Total USD
Depreciation	
At 01 April 2019	5,012,190
Charge for the year	305,784
Effect of changes in exchange rates	(43,919)
Adjustment during the year	(317,091)
At 31 March 2020	4,957,483
At 01 April 2020	**4,957,483**
Charge for the year	**387,227**
Effect of changes in exchange rates	**31,450**
At 31 March 2021	**5,376,160**
Net book value	
At 31 March 2021	**10,404,750**
At 31 March 2020	10,084,272

Norwest Industries Limited

The investment properties include a residential property in the United Kingdom and two industrial properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of assets, i.e., residential and industrial, based on the nature, characteristics, risks of each property. The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

The industrial properties and a residential investment property were revalued on 31 March 2021 based on valuations performed by independent professionally qualified valuers, at HKD 112,000,000 (USD14,403,200) (2020: HKD 119,000,000 (USD 15,348,500)) and HKD 85,682,400 (USD 11,041,905) (2020: HKD 81,828,40 (USD 10,554,145)), respectively. Each year, the directors of the Company decide which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The investment properties are leased under operating leases. As at 31 March 2021, all of the investment properties were pledged to secure the general banking facilities granted to the Norwest Industries Limited and subsidiaries.

19. **Investment Property (continued)**

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 March 2021 using

Recurring fair value measurement for:	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Residential property	-	GBP 8,000,0000	-	GBP 8,000,0000
Industrial properties	-	HKD 112,000,000	-	HKD 112,000,000

Fair value measurement as at 31 March 2020 using

Recurring fair value measurement for:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Residential property	-	GBP 8,500,0000	-	GBP 8,500,0000
Industrial properties	-	HKD 119,000,000	-	HKD 119,000,000

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2020: Nil).

19. Investment Property (continued)

Poeticgem Limited

Security

During 2021, properties with a carrying value of GBP 2,202,346 (USD 3,034,392) (2020: GBP 2,226,765 (USD 2,759,540)) are subject to a legal charge.

Valuation

Properties with a carrying value of GBP 2,202,346 (USD 3,034,392) (2020: GBP 2,226,765 (USD 2,759,540)) are currently being held for the purpose of rental income from a third party. A formal valuation has been undertaken by an external independent value on 16 April 2021, the fair value of the investment property was valued at GBP 3,000,000 (USD 3,025,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

Fair value measurement as at 31 March 2021 using

Recurring fair value measurement for:	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Residential Property	-	GBP 2,202,346	-	GBP 2,202,346

Fair value measurement as at 31 March 2020 using

Recurring fair value measurement for:	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Residential property	-	GBP 2,226,765	-	GBP 2,226,765

Multinational Textile Group Limited and its subsidiaries

Notes to and forming part of the consolidated financial statements
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20. Receivables

	2021 USD	2020 USD
Long term receivable	**409,514**	475,510
Security deposit	**65,609**	33,160
Other	-	52,079
	475,123	560,749

21. Deferred tax assets

	2021 USD	2020 USD
At 01 April 2019	**54,829**	37,634
Charge to the statement of profit or loss during the year	**1,099,587**	17,195
Exchange realignment	**187**	-
At 31 March 2021	**1,154,603**	54,829
Deferred tax assets on:		
- Depreciation	**1,154,603**	54,829
	1,154,603	54,829

22. Inventories

	2021 USD	2020 USD
Finished goods and goods for resale	**6,303,442**	7,276,874
Raw materials	**12,732,131**	11,541,217
Good in transit	**1,672,672**	187,052
Work in progress	**6,256,838**	5,272,850
	26,965,083	24,277,993

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

23. **Trade and other receivables**

	2021 USD	2020 USD
Trade and accounts receivables	**123,571,999**	110,035,041
Non-trade receivables and prepaid expenses	**18,966,557**	28,526,215
Pledged time deposits	**18,763,687**	20,172,987
Amounts due from related parties	**6,290,443**	8,592,367
Less impairment	**(278,455)**	(340,543)
	167,314,231	166,986,067

An analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2021 USD	2020 USD
Neither past due nor impaired	**77,460,022**	71,864,796
Past due but not impaired:		
Less than one month	**30,763,063**	16,182,588
Less than three months	**11,792,695**	13,919,570
Over three months	**3,556,219**	8,068,087
	123,571,999	110,035,041

Note:
Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default. These apply to most of the subsidiaries.

The total impairment loss amounting to USD 278,455 (2020: USD 340,543) arise on trade receivables from the following companies namely Norwest Industries Limited, FX Import Hong Kong Limited and PG Group.

24. **Stated capital**

	2021 USD	2020 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

All shares rank equally with regard to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

Notes to and forming part of the consolidated financial statements
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25. **Reserves**

	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Fair value reserves USD	Total USD
At 01 April 2020	798,157	(5,523,704)	(1,365,834)	57,091,168	(55,535)	50,944,252
Transactions with owners of the Company						
Contributions by and distributions						
Other Comprehensive Income Gratuity	-	-	-	73,947	-	73,947
Dividend declared and paid	-	-	-	(5,500,000)	-	(5,500,000)
Acquisition of NCI without a change in control	-	-	(601,406)	-	-	(601,406)
Acquisition of NCI	-	-	82,361	-	-	82,361
Total comprehensive income						
Profit for the year	-	-	-	10,733,233	-	10,733,233
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-	-	-	1,063,222	1,063,222
Foreign currency translation differences on foreign operations	-	2,766,379	-	-	-	2,527,808
Net loss on cash flow hedges	(628,028)	-	-	-	-	(628,028)
Balance at 31 March 2021	170,129	(2,757,325)	(1,884,879)	62,398,348	1,007,687	57,632,167

25. **Reserves (continued)**

Translation reserves

The translation reserves comprises all foreign currency differences arising from the translation of the consolidated financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Hedging reserves

The hedging reserves comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

26. **Non-controlling interests**

	Stated capital USD	Share Application monies USD	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Total USD
At 01 April 2020	(5,162,961)	8	(23,567)	(2,414,081)	1,122,862	13,480,205	7,002,466
Transactions with owners of the Company							
Dividend declared and paid	-	-	-	-	-	(4,005,265)	(4,005,265)
Capital contribution by NCI	-	-	-	-	-	4,902	4,902
Acquisition of NCI	-	-	-	-	-	(754,329)	(754,329)
Total comprehensive income							
Profit for the year	-	-	-	-	-	8,562,246	8,562,246
Other comprehensive income							
Net movement in fair value through profit or loss reserves	-	-	-	-	-	25,382	25,382
Foreign currency translation differences on foreign operations	-	-	-	445,932	-	-	445,932
At 31 March 2021	(5,162,961)	8	(23,567)	(1,968,149)	1,122,862	17,313,141	11,281,334

27. **Long term loans**

	2021 USD	2020 USD
Other loans	85,424	77,004
	85,424	77,004

Banking facilities(Green Apparel limited & Progress manufacturing HK)

General banking facilities granted by a bank were secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, bank guarantee and fellow subsidiary's properties.

28. **Payables**

	2021 USD	2020 USD
Long term payables	66,607	207,507

29. **Short term loans**

	2021 USD	2020 Restated USD
Other bank loans	39,018,391	59,022,913
Trust receipt loans	25,136,520	36,177,842
Other payables	25,033	187,582
	64,179,944	95,388,337

(i) Norwest Industries Limited and its subsidiaries

The Group's banking facilities are secured by way of:

(i) the pledge of the Group's time deposits amounted to USD 16,248,129 (2020: USD 20,172,987);
(ii) guarantees from the immediate holding company, fellow subsidiaries, directors of the Company and a related party; and
(iii) certain of the Group's insurance deposits.

29. Short term loans (continued)

Norwest Industries Limited and its subsidiaries (continued)

The bank loan is secured by the Group's investment property, time deposits, and unlisted investments with a total carrying value of approximately USD 40,471,270 (2020: USD 37,079,124) and guaranteed by the immediate holding company, fellow subsidiaries, and directors of the Company.

(i) In case of secured loans (other than vehicle loan) of Norwest Industries Limited ('NIL') and its subsidiaries (NIL Group), these loans are secured by way of NIL Group's guarantees from the immediate holding company, fellow subsidiaries, directors of NIL, a related party, Group's investment property, unlisted investments and certain of NIL Group's insurance deposits. Also these loans contains repayable on demand clauses and hence the loans are shown as short term, though the repayment of these loans is spread more than an year.

(ii) In case of banking facilities of Simple approach, Zamira fashions, Techno Design HK, PDS Asia Star, Poeticgem International, Green Apparel Limited and Progress Manufacturing HK, the banking facilities are secured by fellow subsidiaries' corporate guarantee, directors' personal guarantee, life insurance policy, bank guarantee and fellow subsidiary's properties.

(iii) With respect to the loans of PG Group the interest-bearing bank borrowings are guaranteed by the immediate holding company and a director of the Company and these loans are repaid during the year ending March 31, 2021.

(iv) Interest details of secured loans are as follows:

PDS Asia star	Discounted bills		
	Import loans		
	Trust receipt loans	LIBOR +2.00% p.a	LIBOR +2.00% p.a
Simple Approach	Discounted bills	LIBOR+2% p.a	LIBOR+2% p.a
	Trust receipt loans	Bank prime rate+1.5% p.a	Bank prime rate+1.5% p.a
Zamira Fashions	Import loans	Bank prime rate+1.5% p.a	Bank prime rate+1.5% p.a
	Trust receipt loans	Bank prime rate+1.5% p.a	Bank prime rate+1.5% p.a
Poeticgem International	Import loans	LIBOR+2% to 2.4% p.a	LIBOR+2% to 2.4% p.a
	Trust receipt loans	LIBOR+2% to 2.4% p.a	LIBOR+2% to 2.4% p.a
Techno Design HK	Import loans	LIBOR+2% p.a	LIBOR+2% p.a
Green Apparel HK	Term loan	LIBOR+2.75% p.a	LIBOR+2.75% p.a

29. **Short term loans (continued)**

(iv) Interest details of secured loans are as follows (continued):

Entity name	Nature of loan	March 31, 2021	March 31, 2020
Progress Manufacturing HK	Term loan	LIBOR +2.75% p.a	LIBOR +2.75% p.a
Green Smart Shirts	Bill discounting	LIBOR+3.5% p.a	LIBOR+3.5% p.a
	Term loan	11.00% p.a	11.00% p.a
Progress Apparel Bangladesh	Bill discounting	LIBOR+3.5% p.a	-
	Term loan	11.00% p.a	-
Norwest Industries and its subsidiaries	Term loans	1.75% over 3 months HIBOR^, 1.47% p.a, 1 month LIBOR#+4% p.a.	1.75% over 3 months HIBOR^, 1.47% p.a, 1 month LIBOR#+4% p.a.
	Import loans	USD/GBP/EUR: LIBOR#+2%, BFR^^^+1.75% p.a	USD/GBP/EUR: LIBOR#+2%, BFR^^^+1.75% p.a
	Trust receipt loans	COF^^+2.25%, LIBOR#+3.5%, HIBOR^+2%, LIBOR#+2%, BFR^^^+1.75% p.a., LIBOR#+2.37% p.a., 2% over higher of LIBOR# and COF^^^^	COF^^+2.25%, LIBOR#+3.5%, HIBOR^+2%, LIBOR#+2%, BFR^^^+1.75% p.a., LIBOR#+2.37% p.a., 2% over higher of LIBOR# and COF^^^^
	Bank overdraft	1.5% p.a.	1.5% p.a.
	Collateral bank advances	-	LIBOR#+2% p.a, COF^^+2.25% p.a.
	Currency loan	-	LIBOR#+2% p.a

London Interbank Offered Rate ("LIBOR")
^Hong Kong Interbank Offered Rate ("HIBOR")
^^ Intesa Sanpaolo S.p.A.'s Cost of Funds ("COF")
^^^ BNP PARIBAS's Funding Rate ("BFR")
^^^^Citi Bank's Cost of Funds ("COF")

30. Cash and cash equivalents

Cash and cash equivalents comprise of:

	2021 USD	2020 USD
Cash in hand and at banks	**33,727,361**	46,091,066
Bank overdraft	**(1,488,638)**	(1,721,146)
Cash and cash equivalent at 31 March	**32,238,723**	44,369,920

Norwest Industries Limited

	2021 USD	2020 USD
Cash and bank balances	**11,266,493**	25,596,273
Pledged time deposits	**16,248,129**	20,172,987
	27,514,622	45,769,260
Less: Pledged time deposits for banking facilities:		
-with original maturity of less than three months when acquired	**(2,300,569)**	(17,233,816)
-with original maturity of more than three months when acquired	**(13,947,560)**	(2,939,171)
Cash and cash equivalents	**11,266,493**	25,596,273

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged time deposits are deposited with creditworthy banks with no recent history of default.

31. Trade and other payables

	2021 USD	2020 USD
Trade and bills payables	**136,931,121**	117,889,214
Non trade payables and accrued expenses	**471,706**	1,197,775
	137,402,827	119,086,989

32. Derivative financial instruments

Currency derivatives

One of the subsidiaries, Norwest Industries Limited and its subsidiaries utilise foreign currency contracts.

Assets

	2021 USD	2020 USD
Forward currency contracts	**506,336**	1,718

Liabilities

	2021 USD	2020 USD
Forward currency contracts	**328,064**	132,279

The carrying amounts of foreign currency contracts are the same as their fair values.

Forward currency contracts – cash flow hedges

Norwest Industries Limited

At 31 March 2021, the subsidiary Norwest Industries Limited and its subsidiaries as a group held 129 forward currency contracts (2020: 89) and no option currency contracts (2020: nil). They are designate as hedges in respect of expected future sales to customers in the United Kingdom for which the said group has firm commitments.

32. **Derivative financial instruments (continued)**

Currency derivatives (continued)

Forward currency contracts – cash flow hedges (continued)

<u>Norwest Industries Limited (continued)</u>

The terms of the forward currency contracts and option currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future settlement of sales and purchase between April 2021 and March 2022 were assessed to be highly effective and net loss of USD 337,935 (2020: a net gain of USD 523,824) was included in the hedging reserve as follows:

	2021 USD	2020 USD
Total fair value losses included in the hedging reserves	**(533,568)**	(320,301)
Reclassified from other comprehensive income to the statement of profit or loss	**195,633**	(203,523)
Net losses on cash flow hedges	**(337,935)**	(523,824)

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

33. 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 operating decisions or if they are subject to common control.

During the year under review, the Group entered into the following related party transactions.

	2021 USD	2020 USD
Transactions during the year:		
Amount repaid to other related parties	**(3,158,800)**	(3,681,297)
Amount received from other related parties	**1,640**	2,386,243
Amount received from/(advanced to) Sourcing Solution Limited	**1,927,600**	(1,850,254)
Amount paid to from Sourcing Solution Limited	**(428,598)**	(257,901)
Consultancy fees accrued to JSM Trading Limited accrued	**3,000,000**	1,000,000
Consultancy fees paid to JSM Trading Limited	**(2,323,000)**	(800,000)
Amount (paid to)/received from Grupo Extremo SUR S.A	**(98,620)**	318,170
Amount received from Frou Holdings Limited	**82,104**	-
Corporate fees accrued to PDS Multinational Fashions Limited	**2,156,367**	2,834,810
Corporate fees paid to PDS Multinational Fashions Limited	**(2,940,000)**	(2,327,000)
Dividend paid to PDS Multinational Fashions Limited	**(5,500,000)**	-
Amount received from PDS Multinational Fashions Limited	**460,100**	27,473
Amount received from JJ Star Industrial	**1,078,817**	-
Amount accrued for GWD Enterprises Limited	**301,205**	-
Amount impaired on loan to Digital Internet Technologies	**527,618**	-
Amount received / (advanced to) JSM Trading Limited	**-**	198,234
Management fees accrued from Sourcing Solution Limited	**(18,931)**	(69,300)
SAP fees accrued from Sourcing Solution Limited	**-**	(4,000)
SAP and Management fees received from Sourcing Solution Limited	**18,931**	73,300
Amount advanced to PDS Multinational Fashions Limited	**-**	(250,242)
Amount advanced to Technocian Fashions Ltd	**(283)**	(22,986)
Amount (paid to)/received from Atterley.com Holdings Limited	**-**	(646,025)

33. Related party transactions (continued)

Balances outstanding at 31 March:	**2021 USD**	2020 USD
Amount payable to other related parties	**(4,405,545)**	(7,564,345)
Amount receivable from other related parties	**-**	1,640
Amount receivable from Sourcing Solution Limited	**13,238**	1,940,838
Amount payable to Sourcing Solution Limited	**-**	(428,598)
Amount payable to JSM Trading Limited	**(875,000)**	(198,000)
Amount payable to Grupo Extremo SUR S.A	**(219,550)**	(318,170)
Amount receivable from Frou Holdings Limited	**393,405**	475,509
Amount receivable from PDS Multinational Fashions Limited	**1,707,753**	1,365,355
Amount payable to PDS Multinational Fashions Limited	**(88,976)**	(70,111)
Amount receivable from JJ Star	**472,432**	1,551,249
Amount receivable from GWD Enterprises Limited	**932,204**	630,999
Amount receivable from Digital Internet Technologies Limited	**353,091**	880,709
Amount receivables from Technocian Fashions Ltd	**23,269**	22,986

34. **Contingent liabilities**

- At 31 March 2021, Poeticgem International Limited as a group had the following contingent liabilities not provided for in the consolidated financial statements at the end of the reporting period:

	2021	2020
	USD	USD
Irrevocable letters of credit	**7,117,528**	3,634,938

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

- At 31 March 2021, one of the subsidiaries of the Company, Grupo Sourcing Limited as a group, did not had any contingent liabilities in the consolidated financial statements at the end of the reporting period:

	2021	2020
	USD	USD
Irrevocable letter of credit	**-**	668,562

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

34. **Contingent liabilities (continued)**

- At 31 March 2021, one of the subsidiaries of the Company, Norwest Industries Limited had contingent liabilities not provided for in the financial statements as follows:

	2021	2020
	USD	USD
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	**53,228,460**	61,889,144

At 31 March 2021, the banking facilities guaranteed by the group to fellow subsidiaries were utilised to the extent of approximately USD 43,696,186 (2020: USD 56,545,958).

In determining whether financial liabilities should be recognised in respect of the group's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors of Norwest Industries Limited, the fair values of the financial guarantee contracts of the group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the consolidated financial statements.

- At 31 March 2021, one of the subsidiaries of the Company, PDS Asia Star Corporation Limited as a group, had the following contingent liabilities not provided for in the consolidated financial statements at the end of the reporting period:

	2021	2020
	USD	USD
Irrevocable letter of credit	**1,901,153**	1,410,772

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

34. **Contingent liabilities (continued)**

- At 31 March 2021, Progress Manufacturing Group Limited as a group had the following contingent liabilities not provided for in the consolidated financial statements at the end of the reporting period:

	2021 **USD**	2019 USD
Irrevocable letter of credit	**4,336,782**	4,071,286

As on close of the period was USD 4,336,782 (2020: USD 4,071,286) on account of various LCs opened by the bank in favour of suppliers of raw material, where materials have not yet been received and further USD 3,570 (2020: USD 3,532) on account of unconditional bank guarantees issued in favour of Green Delta Insurance Company Limited towards guarantee of 30 days credit period.

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

- Simple Approach Limited as a group had the following contingent liabilities not provided for in the consolidated financial statements at 31 March 2021:

	2021 **USD**	2020 USD
Irrevocable letter of credit	**8,290,591**	15,354,981

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

- At 31 March 2021, Techno Design HK Limited had the following contingent liabilities not provided for in the financial statements at the end of the reporting period:

	2021 **USD**	2020 USD
Irrevocable letters of credit	**2,739,876**	2,195,736

At the end of the reporting period, there were mutual guarantees between the company and its fellow subsidiaries.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

34. **Contingent liabilities (continued)**

- Pacific Logistics Limited, a sub-subsidiary of the Company, had extended an Unlimited Multilateral Guarantee on 28 August 2012 to its parent and fellow subsidiaries, Poeticgem Limited.

  The bank has a fixed and floating charge over the assets of the company as security.

- Zamira Fashion Limited as a group had the following contingent liabilities not provided for in the consolidated financial statements at 31 March 2021:

	2021	2020
	USD	USD
Irrevocable letters of credit	**54,009**	2,753,103

At the end of the reporting period, there were mutual guarantees between the group and its fellow subsidiaries.

Norwest Industries Limited

In case of Norwest Industries Limited, Guarantee given to banks in connection with facilities granted to subsidiaries and fellow subsidiaries USD 636 (March 31, 2020: USD 623). At March 31, 2021, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately USD 581 (March 31, 2020: USD 570).

In determining whether financial liabilities should be recognised in respect of Norwest Industries Limited's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of Norwest Industries Limited, the fair values of the financial guarantee contracts are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value was recognised in its consolidated financial statements.

Progress Apparels Bangladesh

The Contingent liability of the company, as on close of the period was USD 4,336,782 on account of various LCs opened by the bank in favour of suppliers of raw material, where materials has not yet been received and further USD 35,700 on account of unconditional Bank Guarantees issued in favour of Green Delta Insurance Company Limited towards guarantee of 30 days credit period.

35. **Leases**

The Group as a lessee
The Group has a lease contracts for various items of properties used in its operations. Other property generally has lease terms of 12 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a). **Right of use assets**

The carrying amount of the Group's right of use assets and the movements during the year ae as follows:

	USD
Cost	
At 01 April 2019	-
Addition during the year	14,613,402
Exchange realignment	60,349
At 31 March 2020	14,673,751
At 01 April 2020	**14,673,751**
Addition during the year	**2,530,740**
Disposal	**(549,527)**
Other adjustments	**39,482**
Exchange realignment	**387,335**
At 31 March 2021	**17,081,781**
Depreciation	
At 01 April 2019	-
Charge for the year	2,856,663
Adjustment during the year	936,827
Exchange realignment	70,713
At 31 March 2020	3,864,203
At 01 April 2020	**3,864,203**
Charge for the year	**3,228,678**
Adjustment during the year	**680,161**
Exchange realignment	**124,174**
At 31 March 2021	**7,897,216**
At 31 March 2021	**9,184,565**
At 31 March 2020	10,809,548

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2021

35. **Leases (continued)**

(b). **Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	USD
Carrying amount as at 01 April 2019	**9,984,239**
New leases	**4,552,768**
Accretion of interest recognized during the year	**354,523**
Payments	**(3,647,956)**
Derecognition upon exercise of termination options	**(319,194)**
Exchange realignment	**(85,050)**
Carrying amount as at 31 March 2020	**10,839,330**
Carrying amount as at 01 April 2020	**10,839,330**
New leases	**2,767,692**
Accretion of interest recognized during the year	**442,049**
Covid concession	**(184,413)**
Payments	**(3,287,109)**
Derecognition upon exercise of termination options	**(1,555,912)**
Exchange realignment	**(289,168)**
Carrying amount as at 31 March 2021	**9,310,805**

	2021 USD	2020 USD
Analysed into:		
Current portion	**2,766,110**	**2,460,170**
Non-current portion	**6,544,695**	**8,379,160**
	9,310,805	**10,839,330**

	2021 USD
Lease payments	
Not later than one year	**3,169,679**
Later than one year	**6,595,949**
Later than five years	**462,337**
	10,227,966

36. Personnel expenses

	2021 USD	2020 USD
Wages, salaries and benefits	**50,142,566**	56,426,982

37. Holding company

The ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India the shares of which are listed on BSE Limited and the National Stock Exchange of India Limited..

38. Events after reporting period

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe. The outbreak was identified first in the People's Republic of China towards of end December 2019 and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is dependent on a number of factors, including the formulation of a viable vaccine and governments' response to combat the spread of the virus in the intervening period. The governments of Mauritius (where the Company is domiciled) have introduced a variety of measures to contain the spread of the virus from restrictions on travel to complete lockdown.

As at the date of approval of these financial statements, the COVID-19 crisis is still un-folding, and there will be some uncertainty remaining around the accurate assessment of the full impact of COVID-19 crisis or any prediction regarding the future course of events that would arise due to the COVID-19 crisis. The Company has made an assessment of the as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but is not limited to, twelve months from the date of approval of these annual financial statements and confirm that they have not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2021 are as shown below:

	Norwest Industries Limited USD	Global Textiles Group Limited USD	PDS Asia Star USD	Poeticgem Limited USD	Techno Design GmbH USD	Zamira Fashions Limited USD
Revenue	318,214,829	-	79,187,464	3,416,908	21,135,004	32,287,638
Cost of sales	276,814,553	-	72,102,840	2,723,122	19,067,809	28,515,273
Gross profit	41,400,276	-	7,084,624	693,786	2,067,195	3,772,365
Operating income	14,560,282	6,005,556	905,050	9,852,537	894,544	636,952
Other income	3,292,240	-	-	210,872	125,354	3,918
Marketing, selling and distribution expenses	(11,767,113)	-	(39,724)	(758,331)	(141,487)	(353,289)
Loss from joint venture	(411,622)	-	-	-	-	-
General and administrative expenses	(24,034,206)	(6,060,017)	(5,258,040)	(7,875,547)	(2,182,443)	(2,896,059)
Depreciation and amortisation	(2,650,350)	-	(176,799)	(729,795)	(145,342)	(235,304)
Results from operating activities	20,389,507	(54,461)	2,515,111	1,393,522	617,821	928,583
Net financing (costs) / income	(799,121)	87,300	(175,169)	(1,010,715)	24,240	91,496
Profit/(loss) before income tax	19,590,386	32,839	2,339,942	382,807	642,061	1,020,079
Income tax expense	(1,400,298)	-	(323)	(130,760)	(177,637)	(152,840)
Total profit/(loss) for the year	18,190,088	32,839	2,339,619	252,047	464,424	867,239

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2021 are as shown below (continued)

Full house

	FX Import Company Limited USD	Casa Forma Ltd USD	Simple Approach Limited USD	Poetic Knitwear Limited USD	Techno BD Limited USD	FX Import Hong Kong Limited USD	Nor Delhi Manufacturing Limited USD
Revenue	37,225	-	87,557,595	-	-	-	4,218,003
Cost of sales	35,570	-	76,363,628	-	-	-	1,949,135
Gross profit	1,655	-	11,193,967	-	-	-	2,268,868
Operating income	54,923	71,817	2,555,946	-	786,056	-	335,513
Other income	3,221	-	570,525	-	297	1	-
Marketing, selling and distribution expenses	(71,032)	(2,667)	(4,221,828)	-	(2,019)		
Loss from joint venture	-	-	-	-	-	(134)	(658,249)
General and administrative expenses	(209,034)	(72,845)	(6,618,932)	(2,696)	(697,592)	-	-
Depreciation and amortisation	(22,730)	(255)	(336,536)	-	(21,932)	(38,621)	(345,189)
Results from operating activities	(242,997)	(3,950)	3,143,142	(2,696)	64,810	(38,754)	1,600,943
Net financing income/(costs)	(1,108)	-	(154,184)	-	(11,605)	(10,708)	(64,276)
Profit/(loss) before income tax	(244,105)	(3,950)	2,988,958	(2,696)	53,205	(49,462)	1,536,667
Income tax expense	-	-	(637,605)	-	(75,621)	-	-
Total profit/(loss) for the year	(244,105)	(3,950)	2,351,353	(2,696)	(22,416)	(49,462)	1,536,667

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2021 are as shown below (continued)

	Poeticgem International Limited USD	MultiTech Ventures limited USD	Grupo Sourcing Limited USD	Pacific Logistics Limited USD	PG Group Limited USD	Green Apparel Industries Ltd USD	Poetic Brands Limited USD	Progress Manufacturing Group Limited USD
Revenue	94,455,657	-	5,556,049	-	17,245,855	15,690,772	20,217,337	22,691,777
Cost of sales	80,317,683	-	5,000,659	-	13,958,988	10,178,072	13,358,139	19,422,761
Gross profit	14,137,974	-	555,390	-	3,286,867	5,512,700	6,859,198	3,269,016
Operating income	3,313,154	-	362,795	-	1,269,132	892	16,794	224,247
Other income	90,933	-	30,061	-	25,168	-	-	47,369
Marketing, selling and distribution expenses	(9,347,475)	-	(25,994)	-	(759,101)	(686,784)	(201,959)	(1,614,023)
Loss from joint venture	-	-	-	-	-	-	-	-
General and administrative expenses	(3,346,014)	(539,070)	(582,209)	(6,643)	(2,122,085)	(5,590,970)	(5,506,223)	(10,373,441)
Depreciation and amortisation	(454,014)	-	(18,121)	-	(97,878)	(855,484)	-	(2,109,742)
Results from operating activities	4,394,558	(539,070)	321,922	(6,643)	1,602,103	(1,619,646)	1,167,810	(10,556,574)
Net financing income/(costs)	(444,079)	-	(4,699)	-	(22,765)	(1,123,086)	(42,976)	(634,342)
Profit/(loss) before income tax	3,950,479	(539,070)	317,223	(6,643)	1,579,338	(2,742,732)	1,124,834	(11,190,916)
Income tax expense	-	-	(35,621)	-	-	-	(222,292)	412,927
Total profit/(loss) for the year	3,950,479	(539,070)	281,602	(6,643)	1,579,338	(2,742,732)	(902,542)	(10,777,989)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)

for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2021 are as shown below(continued)

	Multinational OSG Bangladesh USD	Techno Design HK USD	Design Arc UK USD	PDS Global Investments USD	Blueprint design USD	Techno US USD
Revenue	-	48,082,504	338,844	-	(77,787)	-
Cost of sales	-	42,389,062	186,380	-	88,998	-
Gross profit	-	5,693,442	152,464	-	(166,785)	-
Operating income	25,305	1,096,267	2,330,699	-	188,381	-
Other income	21,638	545,899	-	-	-	-
Marketing, selling and distribution expenses	(21)	(2,273,869)	(601,753)	-	(818)	-
Loss from joint venture	-	-	-	-	-	-
General and administrative expenses	(20,054)	(1,033,836)	(1,705,401)	(927)	(95,868)	(96,705)
Depreciation and amortisation	(222,098)	(43,205)	(88,434)	-	(5,242)	-
Results from operating activities	(195,230)	3,984,698	87,575	(927)	(80,332)	(96,705)
Net financing income/(costs)	-	(428,284)	(29,332)	-	5,209	-
Profit/(loss) before income tax	(195,230)	3,556,414	58,243	(927)	(75,123)	(96,705)
Income tax expense	29,461	-	(12,102)	-	-	-
Total profit/(loss) for the year	(165,769)	3,556,414	46,141	(927)	(75,123)	(96,705)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2021 are as shown below(continued)

	Recovered Clothing USD	Kleider sourcing UAE USD	PDS Ventures USD	Spring Near East UAE USD	Twin Asia UAE USD	Design Arc UAE USD	Razamtazz USD
Revenue	499,467	34,774,125	-	21,879,327	4,901,069	2,431	307,413
Cost of sales	405,814	31,226,128	-	19,833,197	4,068,431	2,135	-
Gross profit	93,653	3,547,997	-	2,046,130	823,638	296	307,413
Operating income	-	197,364	-	380,763	-	-	-
Other income	-	7,165	190,386	5,985	4,779	10,650	1,889
Marketing, selling and distribution expenses	(149,995)	(912,754)	-	(1,937)	(1,187)	-	-
Loss from joint venture	-	-	-	-	-	-	-
Manufacturing and other expenses	-	-	-	-	-	-	-
General and administrative expenses	(60,208)	(111,681)	(116,229)	(161,881)	(149,412)	(5,714)	(168,944)
Depreciation and amortisation	-	(35,377)	(167,921)	(78,736)	(34,967)	(50,489)	(170,847)
Results from operating activities	(116,550)	2,692,714	(93,764)	2,190,324	651,851	(45,257)	(30,489)
Net financing income/(costs)	(4,277)	(12,980)	(20,234)	(63,670)	(1,737)	(2,500)	56,265
Profit/(loss) before income tax	(120,827)	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776
Income tax expense	-	-	-	-	-	-	-
Total profit/(loss) for the year	(120,827)	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2020 are as shown below:

	Norwest Industries Limited USD	Global Textiles Group Limited USD	PDS Asia Star USD	Poeticgem Limited USD	Techno Design GmbH USD	Zamira Fashions Limited USD
Revenue	431,594,597	-	62,770,682	2,978,052	19,963,910	49,507,915
Cost of sales	(374,636,537)	-	(56,942,502)	(1,766,596)	(17,564,550)	(43,715,417)
Gross profit	56,958,060	-	5,828,180	1,211,456	2,399,360	5,792,498
Operating income	15,331,637	7,176,536	1,398,439	11,466,227	-	758,315
Other income	1,779,719	-	871,934	478,324	-	710
Marketing, selling and distribution expenses	(22,827,197)	-	(801,075)	(2,283,881)	(175,722)	(532,761)
Loss from joint venture	(396,901)	-	-	-	-	-
General and administrative expenses	(31,226,465)	(7,040,526)	(4,192,969)	(10,125,281)	(1,686,148)	(5,100,476)
Depreciation and amortisation	(2,053,743)	-	(56,642)	(627,743)	(51,882)	(219,066)
Results from operating activities	17,565,110	136,010	3,047,866	119,102	485,608	699,220
Net financing (costs) / income	3,806,279	(25,533)	(332,776)	(179,981)	(70,215)	(510,717)
Profit/(loss) before income tax	14,238,119	110,477	2,715,685	379,216	421,213	189,874
Income tax expense	(234,706)	-	(2,092)	(127,794)	(50,573)	(54,538)
Total profit/(loss) for the year	14,003,413	110,477	2,713,593	251,422	370,640	135,336

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2020 are as shown below (continued)
Full house

	FX Import Company Limited USD	Casa Forma Ltd USD	Simple Approach Limited USD	Poetic Knitwear Limited USD	SACB Holdings Limited USD	FX Import Hong Kong Limited USD	Nor Delhi Manufacturing Limited USD
Revenue	3,416,074	-	118,683,632	-	-	-	-
Cost of sales	(2,976,507)	-	(103,269,284)	-	-	-	-
Gross profit	439,567	-	15,414,348	-	-	-	-
Operating income	338,875	81,150	3,279,270	-	-	163,101	-
Other income	12,479	82,855	940,011	-	77,484	256	-
	(404,499)	(22,712)	(7,798,123)	-	-	(283)	-
Marketing, selling and distribution expenses							
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(930,901)	(188,778)	(9,140,572)	(2,526)	(16,655)	(256,430)	(2,491)
Depreciation and amortisation	(46,468)	(3,103)	(452,156)	-	-	(161)	
Results from operating activities	(590,947)	(50,588)	2,242,778	(2,526)	(60,829)	(93,517)	(2,491)
Net financing income/(costs)	(8,845)	-801	(413,067)	-	-	13,011	499
Profit/(loss) before income tax	(599,210)	(49,788)	1,862,187	(2,526)	(60,829)	(80,470)	(1,984)
Income tax expense	(953)	-	(297,443)	-	-	-	-
Total profit/(loss) for the year	(600,163)	(49,788)	1,564,744	(2,526)	(60,829)	(80,470)	(1,984)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2020 are as shown below (continued)

	Poeticgem International Limited USD	MultiTech Ventures limited USD	Grupo Sourcing Limited USD	Pacific Logistics Limited USD	PG Group Limited USD	Green Apparel ıdustries Ltd USD	Poetic Brands Limited USD	Progress Manufacturing Group Limited USD
Revenue	80,646,552	-	9,119,815	-	27,586,928	16,187,536	13,062,492	26,610,592
Cost of sales	(67,197,630)	-	(8,472,790)	-	(22,964,153)	(10,593,393)	(8,724,900)	(14,838,712)
Gross profit	13,448,922	-	647,025	-	4,622,775	5,594,143	4,337,592	11,771,880
Operating income	1,393,773	-	195,587	-	-	(7,848)	11,331	-
Other income	405,002	-		-	96,989	57,982		
Marketing, selling and distribution expenses	(9,364,929)	-	(39,773)	-	(783,957)	(898,879)	(268,919)	(3,215,093)
Loss from joint venture	-	(559,291)	-	-	-	-	-	-
General and administrative expenses	(3,931,268)	(64,605)	(716,343)	(7,049)	(2,649,007)	(6,027,943)	(3,745,862)	(11,022,332)
Depreciation and amortisation	(449,308)	-	(26,157)	-	(5,053)	(825,205)	-	(1,546,253)
Results from operating activities	1,502,192	(623,896)	60,340	(7,049)	1,281,747	(2,107,751)	334,142	(4,011,798)
Net financing income/(costs)	(692,198)	-	(13,701)	-	45,020	(923,729)	(60,406)	(681,287)
Profit/(loss) before income tax	810,426	(623,896)	49,196	(7,049)	(1,265,874)	(3,031,358)	273,735	(4,692,477)
Income tax expense	-	-	(43,272)	-	-	-	(22,975)	(61,467)
Total profit/(loss) for the year	810,426	(623,896)	5,924	(7,049)	(1,265,874)	(3,031,358)	250,760	(4,753,944)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2020 are as shown below(continued)

	Multinational OSG Bangladesh USD	Techno Design HK USD	Design Arc UK USD	PDS Global Investments USD	Blueprint design USD
Revenue	-	26,035,704	-	-	7,722,855
Cost of sales	-	(23,818,986)	-	-	(6,532,783)
Gross profit	-	2,216,718	-	-	1,190,072
Operating income	-	796,578	3,157,751	-	305,472
Other income	23,526	30,467		-	
Marketing, selling and distribution expenses	(19)	(646,746)	(719,194)	-	(525,623)
Loss from joint venture		-	-	-	-
General and administrative expenses	(14,852)	(1,431,628)	2,177,972	(643)	(2,647,756)
Depreciation and amortisation	(131,840)	(22,912)	(84,107)		(3,387)
Results from operating activities	(123,185)	942,476	176,478	(643)	(1,681,222)
Net financing income/(costs)	-	(170,825)	(7,134)	-	24,115
Profit/(loss) before income tax	(123,185)	771,651	169,345	(643)	(1,657,107)
Income tax expense	(5,796)	-	(34,963)	-	-
Total profit/(loss) for the year	(128,981)	771,651	134,382	(643)	(1,657,107)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2021

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2020 are as shown below(continued)

	Recovered Clothing USD	Kleider sourcing UAE USD	PDS Ventures USD	Spring Near East UAE USD	Twin Asia UAE USD	Design Arc UAE USD
Revenue	142,147	41,938,145	111,812	-	284,662	-
Cost of sales	(127,831)	(38,154,814)	(100,551)	-	(250,459)	-
Gross profit	14,316	3,783,332	11,261	-	34,203	-
Operating income	-	257,700	-	-	-	-
Other income	-		-	-	-	-
Marketing, selling and distribution expenses	(101,703)	(267,911)	(80,000)	(4,170)	-	-
Loss from joint venture	-	-	-	-	-	-
General and administrative expenses	(92,846)	(47,584)	(73,033)	(292,364)	(27,800)	(182,471)
Depreciation and amortisation	-	34,769	-	(57,570)	(35,709)	(51,564)
Results from operating activities	(180,233)	3,760,306	(141,772)	(354,104)	(29,306)	(234,035)
Net financing income/(costs)	345	(8,353)	271	(3,056)	(3,006)	(4,336)
Profit/(loss) before income tax	(179,889)	3,777,583	(141,500)	(357,161)	(32,312)	(238,372)
Income tax expense	-	-	-	-	-	
Total profit/(loss) for the year	(179,889)	3,777,583	(141,500)	(357,161)	(32,312)	(238,372)

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2021

	Appendix	2021 USD	2020 USD
Revenue	1	**812,402,646**	918,302,857
Cost of sales	2	**(696,838,267)**	(783,979,176)
Gross profit		**115,564,379**	134,323,681
Operating income	3	**20,462,187**	17,511,015
Other income		**5,738,912**	3,113,163
Marketing, selling and distribution expenses	4	**(14,489,054)**	(21,506,739)
Manufacturing and other expenses		**(471,994)**	(1,754,755)
Share of loss of a joint venture		**(527,604)**	(973,693)
General and administrative expenses	5	**(91,392,409)**	(104,645,807)
Depreciation and amortisation		**(8,675,656)**	(6,949,289)
Results from operating activities		**26,208,761**	19,117,576
Finance income		**261,217**	396,731
Finance costs		**(4,543,645)**	(7,207,028)
Net finance costs		**(4,282,428)**	(6,810,297)
Profit before taxation		**21,926,333**	12,307,279

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2021

Appendix 1

Revenue

	2021 USD	2020 USD
Sales	**812,402,646**	918,302,857

Appendix 2

Cost of sales

	2021 USD	2020 USD
Opening stock	**21,927,672**	19,361,838
Purchases	**607,919,736**	662,932,853
Production costs/sub-contracting expenses	**23,303,092**	34,096,222
Other cost of sales	**68,516,331**	89,436,391
Closing stock	**(25,156,681)**	(21,927,672)
Testing charges	**8,732**	79,544
Freight charges	**319,385**	-
	696,838,267	783,979,176

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2021

Appendix 3

Operating income

	2021 USD	2020 USD
Marketing fee income	**2,737,607**	2,282,657
Commission income	**10,632,638**	7,111,524
Claim recoveries	**4,625,649**	7,649,145
Other operating income	**2,466,293**	467,689
Total other operating income	**20,462,187**	17,511,015

Appendix 4

Marketing, selling and distribution expenses

	2021 USD	2020 USD
Sample expenses	**1,672,565**	2,439,098
Transportation costs	**3,884,455**	4,749,384
Agents' commission	**4,094,706**	6,088,066
Motor, travel and subsistence expenses	**-**	-
Bad debts	**931,981**	14,320
Handling charges	**20,433**	21,569
Entertainment expenses	**211,794**	1,404,829
Claim and penalty	**-**	2,423,096
Testing and service charges	**645,160**	394,006
Inspection charges	**856,144**	528,126
Designing expenses	**655,761**	1,227,798
Security charges		-
Processing Charges	**-**	264
Storage charges	**134**	164,289
Discount	**317,941**	-
Hire of Plant and Machinery	**-**	52,709
Custom clearing charges	**171,537**	272,579
Marketing fees	**135,079**	1,726,606
	14,489,054	21,506,739

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2021

Appendix 5

General and administrative expenses and manufacturing and other expenses

	2021 USD	2020 USD
Wages and salaries	50,142,566	56,426,982
Consulting fees	17,803,891	13,693,399
Travelling expenses	1,254,396	5,828,507
Rent and rates	593,876	1,306,893
Bank charges	3,251,259	3,805,989
Courier charges	2,209,185	3,417,249
Telephone, printing and stationery	1,053,306	1,343,846
Legal and professional fees	1,458,314	964,356
Director's expense	713,843	437,838
Management fees	157,223	4,152,548
Vehicle expenses	967,986	1,198,376
Insurance expenses	1,086,777	930,961
Staff welfare and medical insurance	358,164	442,483
Quality control	89,995	88,561
Audit and accounting fees	572,241	632,465
Water and electricity	825,350	495,558
Taxes and duties	56,436	1,003,091
Repairs and maintenance	860,507	776,749
Office expenses and supplies	2,194,006	2,314,678
Motor vehicle leasing	82,108	106,715
Licence fees	3,851,132	2,113,164
Membership & Subscription Fees	39,931	4,016
Security	144,470	135,488
Impairment Loss	131,647	2,100,583
Other expenses which are not classified under above line items	(432,421)	925,312
	91,392,409	104,645,807

Report of the Directors and Audited Financial Statements

NOR LANKA MANUFACTURING LIMITED

31 March 2021

Building a better working world

NOR LANKA MANUFACTURING LIMITED

CONTENTS

NOR LANKA MANUFACTURING LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activities

The principal activities of the Company have not changed during the year consist of the trading of garments and investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 9 to the financial statements. There were no significant changes in the nature of the Company's principal activities during the year.

Results and dividends

The Company's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 6 to 48.

The directors recommend the payment of a final dividend of HK$3,685 per ordinary share in respect of the year to shareholders on the register of members on 25 March 2021.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Payel Seth
Ashok Kumar Sanghi
Faiza Habeeb Seth (appointed on 21 May 2020)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....

Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the members of Nor Lanka Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Nor Lanka Manufacturing Limited (the "Company") set out on pages 6 to 48, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") relevant to these financial statements and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with the applicable HKFRSs issued by the HKICPA that are relevant to these financial statements and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Nor Lanka Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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Independent auditor's report (continued)
To the members of Nor Lanka Manufacturing Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst + Young

Certified Public Accountants
Hong Kong
27 May 2021

NOR LANKA MANUFACTURING LIMITED

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	4	481,004,195	762,782,719
Cost of sales		(420,349,669)	(664,409,347)
Gross profit		60,654,526	98,373,372
Other income and gains	4	4,919,260	17,634,851
Selling and distribution expenses		(6,151,509)	(19,477,618)
Administrative expenses		(41,678,790)	(56,241,923)
Other operating expenses		(578,763)	(1,608,154)
Finance costs	6	(191,265)	(1,272,586)
PROFIT BEFORE TAX	5	16,973,459	37,407,942
Income tax expense	8	-	-
PROFIT FOR THE YEAR		16,973,459	37,407,942

NOR LANKA MANUFACTURING LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
PROFIT FOR THE YEAR		16,973,459	37,407,942
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to the statement of profit or loss in subsequent periods:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	16	148,486	3,026
Reclassification adjustments for losses included in the statement of profit or loss	16	(6,852)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		141,634	3,026
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,115,093	37,410,968

NOR LANKA MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	727,494	1,131,314
Investments in subsidiaries	10	16,580,568	16,580,568
Total non-current assets		17,308,062	17,711,882
CURRENT ASSETS			
Inventories	12	50,756,348	29,052,500
Trade receivables	13	43,814,198	35,244,747
Prepayments and deposits	14	14,585,350	15,727,008
Due from the immediate holding company	21(b)	15,673,784	31,660,387
Due from fellow subsidiaries	21(b)	2,531,792	920,961
Due from a related company	21(c)	649,160	1,130,801
Due from a subsidiary	21(b)	15,553,793	23,159,952
Due from an intermediate holding company	21(b)	280,570	-
Due from a shareholder	21(b)	3,963,452	-
Derivative financial instruments	16	200,525	75,864
Cash and cash equivalents		18,955,490	48,616,911
Total current assets		166,964,462	185,589,131
CURRENT LIABILITIES			
Trade and bills payables		52,321,776	41,315,894
Other payables and accruals	15	25,084,488	7,848,545
Due to an intermediate holding company	21(b)	-	972,579
Due to fellow subsidiaries	21(b)	135,638	922,750
Derivative financial instruments	16	-	16,973
Interest-bearing bank borrowings	17	48,980,174	74,736,285
Total current liabilities		126,522,076	125,813,026
NET CURRENT ASSETS		40,442,386	59,776,105
Net assets		57,750,448	77,487,987

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NOR LANKA MANUFACTURING LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 HK$	2020 HK$
EQUITY			
Share capital	18	10,000	10,000
Reserves		57,740,448	77,477,987
Total equity		57,750,448	77,487,987

Pallak Seth
Director

Deepak Kumar Seth
Director

NOR LANKA MANUFACTURING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Note	Share capital HK$	Hedging reserve HK$	Retained profits HK$	Total equity HK$
At 1 April 2019		10,000	55,865	105,363,154	105,429,019
Profit for the year		-	-	37,407,942	37,407,942
Other comprehensive income for the year:					
Cash flow hedges, net of tax		-	3,026	-	3,026
Total comprehensive income for the year		-	3,026	37,407,942	37,410,968
First interim dividend declared	9	-	-	(7,002,000)	(7,002,000)
Second interim dividend declared	9	-	-	(58,350,000)	(58,350,000)
At 31 March 2020 and 1 April 2020		10,000	58,891*	77,419,096*	77,487,987
Profit for the year		-	-	16,973,459	16,973,459
Other comprehensive income for the year:					
Cash flow hedges, net of tax		-	141,634	-	141,634
Total comprehensive income for the year		-	141,634	16,973,459	17,115,093
Final 2021 dividend declared	9	-	-	(36,852,632)	(36,852,632)
At 31 March 2021		10,000	200,525*	57,539,923*	57,750,448

* These reserve accounts comprise the reserves of HK$57,740,448 (2020: HK$77,477,987) in the statement of financial position.

NOR LANKA MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		16,973,459	37,407,942
Adjustments for:			
Interest income	4	(380,189)	(3,582)
Depreciation of property, plant and equipment	5	571,248	417,722
Finance costs	6	191,265	1,272,586
Impairment/(reversal of impairment) of trade receivables	5	(199,059)	31,379
Fair value gains on cash flow hedges, net (transfer from equity)	5	(6,852)	-
		17,149,872	39,126,047
Decrease/(increase) in inventories		(21,703,848)	33,072,429
Decrease/(increase) in trade receivables		(8,370,392)	30,492,483
Decrease in prepayments and deposits		1,141,658	10,658,573
Decrease in an amount due from the immediate holding company		15,986,603	14,008,224
Changes in balances with fellow subsidiaries		(2,397,943)	14,188,230
Decrease/(increase) in an amount due from a related company		481,641	(1,130,801)
Decrease/(increase) in an amount due from a subsidiary		7,606,159	(262,164)
Changes in balance with an intermediate holding company		(1,253,149)	(2,333,492)
Increase in an amount due from a shareholder		(3,963,452)	-
Increase/(decrease) in trade and bills payables		11,005,882	(15,821,889)
Increase/(decrease) in other payables and accruals		17,235,943	(2,655,301)
Decrease in derivative financial instruments		6,852	-
Cash generated from operations		32,925,826	119,342,339
Interest received		380,189	3,582
Interest paid		(191,265)	(1,272,586)
Net cash flows from operating activities		33,114,750	118,073,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of a subsidiary		-	(11,924,057)
Purchases of items of property, plant and equipment		(167,428)	(1,304,814)
Net cash flows used in investing activities		(167,428)	(13,228,871)

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NOR LANKA MANUFACTURING LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		127,832,176	12,164,161
Repayment of bank loans		(153,384,936)	-
Dividend paid		(36,852,632)	(65,352,000)
Net cash flows used in financing activities		(62,405,392)	(53,187,839)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(29,458,070)	51,656,625
Cash and cash equivalents at beginning of year		48,413,560	(3,243,065)
CASH AND CASH EQUIVALENTS AT END OF YEAR		18,955,490	48,413,560
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		18,955,490	48,616,911
Cash and cash equivalents as stated in the statement of financial position		18,955,490	48,616,911
Bank overdraft	17	-	(203,351)
Cash and cash equivalents as stated in the statement of cash flows		18,955,490	48,413,560

1. CORPORATE INFORMATION

Nor Lanka Manufacturing Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garments and investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

For the purposes of compliance with sections 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

As the Company is a holding company that is a wholly-owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance, and is therefore not required to prepare consolidated financial statements.

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the Company of which the Company is the parent. These financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. They are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Further information about those HKFRSs that are expected to be applicable to the Company is described below.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Company had certain interest-bearing bank borrowings denominated in United States dollars based on the London Interbank Offered Rate ("LIBOR") as at 31 March 2021. If the interest rates of these borrowings are replaced by RFRs in a future period, the Company will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Company the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment loss.

Fair value measurement

The Company measures its derivative financial instruments and financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Furniture and fixtures	25%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business model are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

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

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 profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment and other financial assets (continued)
Financial assets at fair value through profit or loss (continued)
This category includes derivative instruments and equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables or as derivatives designated as hedging instruments as an effective hedge.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship with which the Company wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)
Initial recognition and subsequent measurement (continued)
For cash flow hedges, the amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Current versus non-current classification
Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Company expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on first-in, first-out basis and includes direct cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Handling fee is recognised over time when the services and rendered.

Employee benefits
Retirement benefit costs
The Company operates a mandatory provident fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Company's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

The Company's functional currency is United States dollars ("US$"), which is different from the Company's presentation currency. These financial statements are presented in HK$, as the Company is domiciled in Hong Kong and, in the opinion of the directors, some of the key external users of their respective financial statements are located in Hong Kong. Foreign currency transactions are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

Where an indication of impairment exists, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for income tax

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 13 to the financial statements.

Impairment of inventories

Management reviews the ageing analysis of inventories of the Company at the end of each reporting period, and makes provision for obsolete and slow-moving inventory items identified that are no longer suitable for sale. The assessment of the provision amount required involves management judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying value of the inventories and the provision charge/write-back of provision for obsolete and slow-moving inventory items in the period in which estimate has been changed.

4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of revenue and other income and gains is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	481,004,195	762,782,719
Other income and gains		
Interest income	380,189	3,582
Handling income	1,920,623	2,933,005
Compensation from suppliers	1,929,855	12,348,671
Dividend income	-	2,349,593
Foreign exchange gain, net	580,585	-
Others	108,008	-
	4,919,260	17,634,851

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Cost of inventories sold		420,349,669	664,409,347
Auditor's remuneration		38,000	38,000
Depreciation of property, plant and equipment	11	571,248	417,722
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		20,490,447	25,600,802
Pension scheme contributions (defined contribution scheme)		1,324,383	1,712,535
		21,814,830	27,313,337
Net value gain from cash flow hedges (transfer from equity or disposal)		6,852	-
Impairment/(reversal of impairment) of trade receivables	13	(199,059)	31,379
Foreign exchange differences, net#		(580,585)	1,190,182

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

6. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank loans and overdrafts	191,265	1,272,586

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the current and prior years.

A reconciliation of the tax charge applicable to profit before tax at the statutory rate to the tax charge at the Company's effective tax rate is as follows:

	2021 HK$	2020 HK$
Profit before tax	16,973,459	37,407,942
Tax charge at the Hong Kong statutory tax rate	2,800,621	6,172,310
Income not subject to tax	(10,819,675)	(19,141,357)
Expenses not deductible for tax	8,019,054	12,969,047
Tax charge at the Company's effective rate	-	-

There was no significant unprovided deferred tax charge in respect of the year and as at the end of the reporting period (2020: Nil).

9. DIVIDENDS

	2021 HK$	2020 HK$
First interim dividend 2020 - HK$700.2 per ordinary share	-	7,002,000
Second interim dividend 2020 - HK$5,835 per ordinary share	-	58,350,000
Final dividend 2021 - HK$3,685 per ordinary share	36,852,632	-
	36,852,632	65,352,000

10. INVESTMENTS IN SUBSIDIARIES

	2021 HK$	2020 HK$
Unlisted investments, at cost	16,580,568	16,580,568

10. INVESTMENTS IN SUBSIDIARIES (continued)

Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2021 are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity directly attributable to the Company		Principal activities
			2021	2020	
Nor Lanka Colombo Manufacturing Company Limited	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	100%	100%	Trading of garment products
Nor Lanka Progress (Private) Limited	Sri Lanka	1 United States dollars ("US$")	100%	100%	Inactive
Lillyandsid Ltd.	England and Wales	60 Great Britain Pounds ("GBP")	55%	55%	Trading of garment products

In March 2020, the Company entered into a sale and purchase agreement to acquire 55% of the issued share capital of Lillyandsid Ltd. at a consideration of GBP1,150,000 (equivalent to approximately HK$11,924,057).

11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2021			
At 31 March 2020 and 1 April 2020:			
Cost	989,388	5,678,521	6,667,909
Accumulated depreciation	(969,775)	(4,566,820)	(5,536,595)
Net carrying amount	19,613	1,111,701	1,131,314
At 1 April 2020, net of accumulated depreciation	19,613	1,111,701	1,131,314
Additions	14,069	153,359	167,428
Depreciation provided during the year	(10,871)	(560,377)	(571,248)
At 31 March 2021, net of accumulated depreciation	22,811	704,683	727,494
At 31 March 2021:			
Cost	1,003,457	5,831,880	6,835,337
Accumulated depreciation	(980,646)	(5,127,197)	(6,107,843)
Net carrying amount	22,811	704,683	727,494

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2020			
At 1 April 2019:			
Cost	967,324	4,395,771	5,363,095
Accumulated depreciation	(967,324)	(4,151,549)	(5,118,873)
Net carrying amount	-	244,222	244,222
At 1 April 2019, net of accumulated depreciation	-	244,222	244,222
Additions	22,064	1,282,750	1,304,814
Depreciation provided during the year	(2,451)	(415,271)	(417,722)
At 31 March 2020, net of accumulated depreciation	19,613	1,111,701	1,131,314
At 31 March 2020:			
Cost	989,388	5,678,521	6,667,909
Accumulated depreciation	(969,775)	(4,566,820)	(5,536,595)
Net carrying amount	19,613	1,111,701	1,131,314

12. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

13. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	43,949,847	35,579,455
Less: impairment	(135,649)	(334,708)
	43,814,198	35,244,747

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest-bearing and are on terms of up to 120 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Company's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	334,708	303,329
Impairment/(reversal of impairment) (note 5)	(199,059)	31,379
At end of year	135,649	334,708

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.26%	0.36%	0.36%	0.36%	0.31%
Gross carrying amount (HK$)	21,946,301	9,496,384	7,708,512	4,798,650	43,949,847
Expected credit losses (HK$)	56,998	33,944	27,554	17,153	135,649

13. TRADE RECEIVABLES (continued)

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.94%	0.94%	0.94%	0.94%	0.94%
Gross carrying amount (HK$)	7,919,846	20,229,305	7,122,497	307,807	35,579,455
Expected credit losses (HK$)	74,504	190,303	67,004	2,897	334,708

14. PREPAYMENTS AND DEPOSITS

	2021 HK$	2020 HK$
Prepayments	14,563,350	15,707,008
Deposits	20,000	20,000
	14,585,350	15,727,008

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2021 and 2020, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Other payables	24,687,747	7,544,823
Accruals	396,741	303,722
	25,084,488	7,848,545

Other payables are non-interest-bearing and have an average term of three months.

16. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2021 HK$	2020 HK$
Forward currency contracts	200,525	75,864

Liabilities

	2021 HK$	2020 HK$
Forward currency contracts	-	(16,793)

Cash flow hedges

Forward currency contracts are designated as hedging instruments in respect of forecast future sales and forecast purchases in foreign currencies to which the Company has firm commitments. The forward currency contract balances vary with the levels of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At 31 March 2021, the Company held 11 (2020: 4) forward currency contracts designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Company has commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future sales between April 2021 and July 2021 were assessed to be highly effective and net gains of HK$141,634 (2020: net gains of HK$3,026) were included in the hedging reserve as follows:

	2021 HK$	2020 HK$
Total fair value gains included in the hedging reserves	(148,486)	(3,026)
Reclassified from other comprehensive income to the statement of profit or loss (note 5)	6,852	-
Net gains on cash flow hedges	(141,634)	(3,026)

17. INTEREST-BEARING BANK BORROWINGS

	2021			2020		
	Contractual interest rate (%) per annum	Maturity	HK$	Contractual interest rate (%) per annum	Maturity	HK$
Trust receipt loans*	Cost of funding plus 2.25%	2021/ on demand	3,493,142	Cost of funding plus 2.25%	2020/ on demand	6,439,940
Bank overdraft*	-	-	-	1.5% p.a.	2020/ on demand	203,351
Import loans*	LIBOR# plus 2%	2021/ on demand	955,288	LIBOR# plus 2%	2020/ on demand	32,351,621
Term loan*	LIBOR# plus 2%	2021/ on demand	44,531,744	LIBOR# plus 2%	2020/ on demand	35,741,373
			48,980,174			74,736,285

* Denominated in US$
\# London Interbank Offered Rate ("LIBOR")

Certain of the Company's bank borrowings are secured by guarantees from an intermediate holding company and directors of the immediate holding company.

18. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	10,000	10,000

19. NOTE TO THE STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Dividend payable included in other payables and accruals HK$	Bank loans HK$
At 1 April 2019	-	62,368,773
Dividend declared	65,352,000	
Changes from financing cash flows	(65,352,000)	12,164,161
At 31 March 2020 and 1 April 2020	-	74,532,934
Dividend declared	36,852,632	
Changes from financing cash flows	(36,852,632)	(25,552,760)
At 31 March 2021	-	48,980,174

20. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2021 HK$	2020 HK$
Guarantees given to banks in connection with facilities granted to the immediate holding company	135,580,00	103,119,940

At 31 March 2021, the banking facilities guaranteed by the Company to the immediate holding company were utilised to the extent of approximately HK$6,796,011 (2020: HK$37,755,650).

21. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following transactions with related parties based on mutually agreed terms during the year:

	2021 HK$	2020 HK$
Immediate holding company:		
Sales of goods	21,181,336	78,401,084
Intermediate holding company:		
Marketing fees paid	-	10,697,500
Management fees paid	1,122,287	3,141,726
Fellow subsidiaries:		
Sales of goods	2,395,045	8,619,693
Commission fee paid	866,585	1,034,849
Related company:		
Sales of goods	7,276,563	20,779,245
Subsidiaries:		
Purchase of goods	68,702,215	84,271,918

(b) The balances with an intermediate holding company, the immediate holding company, a subsidiary, fellow subsidiaries, a shareholder and a related company are unsecured, interest-free and repayable on demand.

(c) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, is as follows:

Name	At 31 March 2021 HK$	Maximum amount outstanding during the year HK$	At 31 March 2020 HK$	Maximum amount outstanding during the year HK$
Sourcing Solutions Limited	649,160	1,130,801	1,130,801	1,130,801

The related company is a joint venture of the Company's immediate holding company.

The amount due from a related company is unsecured, interest-free and repayable on demand.

21. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, deposits, amounts due from the immediate holding company, an intermediate holding company, fellow subsidiaries, a subsidiary, a shareholder and a related company, and cash and cash equivalents which are categorised as financial assets at amortised costs. Derivative financial instruments are categorised as financial assets at fair value through profit or loss. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, and amounts due to an intermediate holding company and fellow subsidiaries which are categorised as financial liabilities at amortised cost, and derivative financial instruments which are categorised as financial liabilities at fair value through profit or loss. The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals amounted to HK$23,096,950 (2020: HK$7,124,599). The carrying amounts of these financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts 2021 HK$	Fair values 2021 HK$	Carrying amounts 2020 HK$	Fair values 2020 HK$
Financial assets				
Derivative financial instruments	200,525	200,525	75,864	75,864
Financial liabilities				
Derivative financial instruments	-	-	16,973	16,973

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of trade receivables, deposits, balances with an intermediate holding company, the immediate holding company, fellow subsidiaries, a subsidiary, a related company and a shareholder, cash and cash equivalents, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings approximated to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions.

The Company enters into derivative financial instruments with financial institutions with high credit ratings. Derivative financial instruments, representing forward currency contracts, are measured using valuation techniques similar to forward pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2021, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Assets measured at fair value:				
At 31 March 2021				
Derivative financial instruments	-	200,525	-	200,525
At 31 March 2020				
Derivative financial instruments	-	75,864	-	75,864

23. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Liabilities measured at fair value:				
At 31 March 2020				
Derivative financial instruments	-	16,973	-	16,973

The Company did not have any financial liabilities measured at fair value as at 31 March 2021.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to interest rate risk, foreign currency risk, credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Interest rate risk

The Company's interest rate risk arises from cash and cash equivalents and bank borrowings which bears interest at variable rates.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in HK$ interest rate, with all other variables held constant, of the Company's profit before tax (through the impact on cash and bank balances and floating rate borrowings). There is no impact on the Company's equity except on the retained profits.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax HK$
2021		
HK$	50	(150,123)
HK$	(50)	150,123

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax HK$
2020		
HK$	50	(130,597)
HK$	(50)	130,597

Foreign currency risk

The Company has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Company's functional currency. The Company uses forward currency contracts to eliminate the foreign currency exposures on its sales transactions, for which the corresponding settlements are anticipated to take place more than one month after the Company has entered into firm commitments for the sales. The forward currency contracts must be in the same currency as that of the hedged items. The Company negotiates the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. It is the Company's policy that a forward contract is not entered into until a firm commitment is in place.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the GBP exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Company's equity except on the retained profits.

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2021		
If HK$ weakens against GBP	10	51,410
If HK$ strengthens against GBP	(10)	(51,410)

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK$
31 March 2020		
If HK$ weakens against GBP	10	183,804
If HK$ strengthens against GBP	(10)	(183,804)

Credit risk

The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	43,949,847	43,949,847
Financial assets included in prepayments and deposits					
- Normal**	20,000	-	-	-	20,000
Due from the immediate holding company					
- Normal**	15,673,784	-	-	-	15,673,784
Due from fellow subsidiaries					
- Normal**	2,531,792	-	-	-	2,531,792
Due from a related company					
- Normal**	649,160	-	-	-	649,160
Due from a subsidiary					
- Normal**	15,553,793	-	-	-	15,553,793
Due from an intermediate holding company					
- Normal**	280,570	-	-	-	280,570
Due from a shareholder					
- Normal**	3,963,452	-	-	-	3,963,452
Cash and cash equivalents					
- Not yet past due	18,955,490	-	-	-	18,955,490
	57,628,041	-	-	43,949,847	101,577,888

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	35,579,455	35,579,455
Financial assets included in prepayments and deposits					
- Normal**	20,000	-	-	-	20,000
Due from the immediate holding company					
- Normal**	31,660,387	-	-	-	31,660,387
Due from fellow subsidiaries					
- Normal**	920,961	-	-	-	920,961
Due from a related party					
- Normal**	1,130,801	-	-	-	1,130,801
Due from a subsidiary					
- Normal**	23,159,952	-	-	-	23,159,952
Cash and cash equivalents					
- Not yet past due	48,616,911	-	-	-	48,616,911
	105,509,012	-	-	35,579,455	141,088,467

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 13 to the financial statements.

** The credit quality of deposits and amounts due from the immediate holding company, an intermediate holding company, fellow subsidiaries, a subsidiary, a related company and a shareholder are considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or are repayable within one year.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

AUDITORS' REPORT
&
AUDITED FINANCIAL STATEMENTS
OF
PROGRESS APPARELS (BANGLADESH) LIMITED

AS AT & FOR THE YEAR ENDED 31 MARCH 2021

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF PROGRESS APPARELS (BANGLADESH) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Progress Apparels (Bangladesh) Limited which comprise the statement of financial position as at 31 March 2021 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2021, and its financial performance and its cash flows for the year than 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 Auditors' 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 the ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Main Office: Gulshan Pink City, Level: 7, Plot # 15, Road # 103, Gulshan, Dhaka-1212, Bangladesh; ☎ +880-2-8881824-6, aqasem@aqcbd.com
Chattogram Office: Faruk Mahal (3rd Floor), Plot # 93, Agrabad C/A, Chittagong-4100, Bangladesh; ☎ +880-31-715656, 718066, aqasemctg@aqcbd.com
Tax & Company Affairs Office: Ivory Krishnachura (5th Floor), 3/1-E, Purana Paltan, Dhaka-1000, Bangladesh; ☎ +880-2-9551103, 9584925, aqasemtax@aqcbd.com

As part of an audit in accordance with ISAs, we exercise professional judgement 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.

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 Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and

c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

Progress Apparels (Bangladesh) Limited
Statement of Financial Position
As at 31 March 2021

	Notes	2021 BDT	2020 BDT
Assets			
Non-current assets			
Property, plant and equipment	4.00	961,241,626	820,365,989
Intangible asset	5.00	10,608,465	9,735,210
Right of use assets	6.00	345,313,749	470,106,872
Capital work in progress	7.00	11,379,300	216,783,927
Deferred tax assets	8.00	38,063,616	-
		1,366,606,756	**1,516,991,998**
Current assets			
Inventories	9.00	714,893,363	944,446,609
Advances, deposits and prepayments	10.00	66,435,183	104,397,437
Trade receivables	11.00	6,923,109	13,536,962
Inter-company receivables	12.00	105,201,051	104,415,542
Other receivable	13.00	591,393	20,767
Cash and cash equivalents	14.00	199,774,324	26,985,323
		1,093,818,423	**1,193,802,640**
Total assets		**2,460,425,179**	**2,710,794,638**
Shareholders' equity & liabilities			
Shareholders' equity			
Share capital	15.00	4,011,200	4,011,200
Preference share capital	16.00	776,351,500	120,000,000
Share money deposit	17.00	-	656,351,500
Retained earnings	18.00	(1,584,444,071)	(849,110,040)
OCI Reserve for actuarial difference		6,676,447	5,338,506
		(797,404,924)	**(63,408,834)**
Liabilities			
Long term liabilities			
Post-retirement benefit obligation	19.00	45,275,766	36,671,220
Non-current portion of lease liability	20.00	290,030,624	426,994,352
		335,306,390	**463,665,572**
Current liabilities			
Current portion of lease liability	20.01	72,023,869	54,058,153
Secured short term bank borrowings	21.00	311,922,564	477,014,264
Trade payable and other payables	22.00	498,218,458	525,948,797
Inter-company payables	23.00	2,040,358,822	1,253,516,686
		2,922,523,713	**2,310,537,900**
Total liabilities		**3,257,830,103**	**2,774,203,472**
Total shareholders' equity & liabilities		**2,460,425,179**	**2,710,794,638**

FOOTNOTES:
1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 37 form an integral part of these financial statements.
3. Under section 189 of the companies act, 1994, only one director has signed as other directors are not present in Bangladesh at the time of signing these financial statements.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Shahed Mahmud
Managing Director
Progress Apparels (Bangladesh) Limited

Shireesh Jain
Chief Financial Officer
Progress Apparels (Bangladesh) Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

Progress Apparels (Bangladesh) Limited
Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 March 2021

	Notes	2021 BDT	2020 BDT
Revenue			
Export sales	24.00	1,559,704,094	2,192,744,563
Less: Cost of goods sold	25.00	(1,974,847,011)	(1,954,286,298)
Gross profit		**(415,142,916)**	**238,458,265**
Operating expenses			
Employee benefits expenses	26.00	(175,759,483)	(235,833,834)
General and administrative expenses	27.00	(78,205,763)	(131,790,158)
Commercial expenses - export	28.00	(58,811,060)	(56,362,042)
Training line expenses	29.00	(6,717,766)	(276,628)
Operating loss		**(734,636,989)**	**(185,804,396)**
Other income	30.00	-	465,943
Loss before interest and tax		**(734,636,989)**	**(185,338,453)**
Finance expenses	31.00	(35,680,496)	(34,464,154)
Loss before tax		**(770,317,485)**	**(219,802,608)**
Income tax expenses	32.00	(34,983,453)	5,201,035
Loss after tax		**(735,334,031)**	**(225,003,643)**
Other comprehensive income			
Actuary difference for the year (net of deferred tax)	33.00	1,337,941	1,499,728
Total comprehensive loss for the year		**(733,996,091)**	**(223,503,915)**

FOOTNOTES:

1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 37 form an integral part of these financial statements.
3. Under section 189 of the companies act, 1994, only one director has signed as other directors are not present in Bangladesh at the time of signing these financial statements.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Shahed Mahmud
Managing Director
Progress Apparels (Bangladesh) Limited

Shireesh Jain
Chief Financial Officer
Progress Apparels (Bangladesh) Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

Progress Apparels (Bangladesh) Limited
Statement of Changes in Shareholder's Equity
For the year ended 31 March 2021

Amounts in BDT

Particulars	Share capital	Retained earnings	Reserve for actuarial	Share money deposits	Preference share capital	Total
Balance as at 31 March 2019	**4,011,200**	**(624,106,396)**	**3,838,778**	**776,351,500**	**-**	**160,095,082**
Issuance of preferred share	-	-	-	(120,000,000)	120,000,000	-
Total comprehensive loss for the year	-	(225,003,643)	1,499,728	-	-	(223,503,915)
Balance as at 31 March 2020	**4,011,200**	**(849,110,040)**	**5,338,506**	**656,351,500**	**120,000,000**	**(63,408,834)**
Transfer to Preference share capital	-	-	-	(656,351,500)	656,351,500	-
Total comprehensive income for the period	-	(735,334,031)	1,337,941	-	-	(733,996,091)
Balance as at 31 March 2021	**4,011,200**	**(1,584,444,071)**	**6,676,447**	**-**	**776,351,500**	**(797,404,924)**

FOOTNOTES:
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A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Shahed Mahmud
Managing Director
Progress Apparels (Bangladesh) Limited

Shireesh Jain
Chief Financial Officer
Progress Apparels (Bangladesh) Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN

Progress Apparels (Bangladesh) Limited
Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021 BDT	2020 BDT
Cash flows from operating activities			
(Loss) before tax		(770,317,485)	(219,802,608)
Adjustment for non cash items			
Depreciation		178,710,209	97,716,730
Interest income		(2,121,021)	-
Interest expense		23,230,471	-
		(570,497,826)	**(122,085,878)**
Changes in working capital			
(Increase)/decrease in inventories		229,553,246	(469,432,435)
(Increase)/decrease in advances, deposits and prepayments		37,962,254	(45,292,886)
(Increase)/decrease in trade receivables		6,613,853	(13,536,962)
(Increase)/decrease in inter-company receivables		(785,508)	288,920,353
Increase/(decrease) in other receivable		(570,626)	-
Increase/(decrease) in trade and other payable		(27,730,339)	660,573,288
Increase/(decrease) post-retirement benefit obligation		8,604,546	19,268,664
Increase/(decrease) in inter-company payable		786,842,136	262,320,392
Cash generated from operating activities		**469,991,735**	**580,734,535**
Less: Direct tax		(3,821,990)	(5,201,035)
Net cash flows from operating activities		**466,169,745**	**575,533,500**
Cash flows from investing activities			
Payment for assets		(55,395,719)	(907,790,575)
Net cash used in investing activities		**(55,395,719)**	**(907,790,575)**
Cash flows from financing activities			
Secured short term bank borrowings		(165,091,699)	206,088,608
Payment for lease liability		(72,893,326)	-
Net cash generated by financing activities		**(237,985,025)**	**206,088,608**
Net change in cash and cash equivalents		**172,789,001**	**(126,168,467)**
Cash and cash equivalents at the beginning of the period		26,985,323	153,153,790
Cash and cash equivalents at the end of the period		**199,774,324**	**26,985,323**
Represented by:			
Cash in hand		400,982	3,285,778
Bkash account		218,296	402,813
Cash at bank		199,155,046	23,296,731
		199,774,324	**26,985,323**

FOOTNOTES:

1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 37 form an integral part of these financial statements.
3. Under section 189 of the companies act, 1994, only one director has signed as other directors are not present in Bangladesh at the time of signing these financial statements.

A. Qasem & Co.
Chartered Accountants
RJSC Firm Registration Number: PF1015

Ziaur Rahman Zia

Ziaur Rahman Zia
Partner
Enrolment Number: 1259
DVC:

Shahed Mahmud
Managing Director
Progress Apparels (Bangladesh) Limited

Shireesh Jain
Chief Financial Officer
Progress Apparels (Bangladesh) Limited

Date of Issue: 22 May 2021
Place of Issue: Dhaka, Bangladesh

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN AQC

Progress Apparels (Bangladesh) Limited
Notes to the financial statements
As at and for the year ended 31 March 2021

1.00 Significant accounting policies and other material information

1.01 Company profile

Progress Apparels (Bangladesh) Limited (the "Company") was incorporated in Bangladesh on 12 July 2015 as a private company limited by shares under the Companies Act, 1994 with its registered office located at House N0. 490, Road 8 (East), Baridhara DOHS, Dhaka 1206, The factory is located at MS SFB # 01 & 02 , Adamjee EPZ, Siddhirgonj, Narayangonj 1431, Bangladesh.

1.02 Nature of business

The principal activity of the Company is to manufacture and trade in ready made garments for 100% export.

2.00 Basis of preparation

2.01 Statement of compliance

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice followed in Bangladesh in compliance with The Companies Act 1994, The Securities and Exchange Rules 1987, International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) and other applicable laws and regulations.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 1994.

2.02 Functional and presentational currency and level of precision

The financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. Financial information presented in BDT have been rounded off to the nearest BDT.

2.03 Use of estimates and judgment

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

2.04 Reporting period

The financial report covers the period from 01 April 2020 to 31 March 2021.

A. QASEM & CO. CHARTERED ACCOUNTANTS DHAKA GULSHAN

2.05 Consistency of presentation

The presentation and classification of all items in the financial statements have been retained from one period to another period unless where it is apparent that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies or changes as required by another IFRSs.

2.06 Comparative information

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements. Certain figures for previous period have been rearranged wherever considered necessary, as to ensure better comparability with the current period financial and to comply with relevant IASs.

2.07 Preparation and presentation of financial statements of the company

The Board of Directors of the company is responsible for the preparation and presentation of the financial statements of the company.

2.08 First time recognition of Deferred Taxation

Entity has policy on recognizing deferred taxation on identified temporary differences. Company has calculated deferred taxation and identified that there would be tax credits and tax losses from where entity will obtain benefit in future. However, as the entity has experienced loss in prior year and it was not able to estimate when company will be profitable. Entity estimated it was not probable that taxable profit will be available against which the unused tax losses or unused tax credits can be utilised. Hence, the entity has not recognized deferred tax asset in prior years.

However, in 2020, Company has made an forecast of its business and estimated that it will be able to generate profit from 2023 and onwards. It believes that there will be sufficient taxable profit available to obtain tax credits and tax losses in future. Hence. Company has recognized Deferred taxation in 2020 for the first time.

Deferred tax asset has been calculated at the end of reporting period on the accumulated benefit that will be obtained in future. Because of the changed in estimated of obtaining future benefits, Deferred tax asset has been recognized prospectively in accordance with IAS 8 and no retrospective restatement has been done on the comparative figures.

2.09 Components of the financial statements

According to the International Accounting Standard IAS-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

i) Statement of financial position as at 31 March 2021.
ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2021.
iii) Statement of changes in shareholder's equity for the year ended 31 March 2021.
iv) Statement of cash flows for the year ended 31 March 2021.
v) Accounting policies and explanatory notes.

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

3.00 Summary of significant policies

3.01 Principle of accounting policies

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements.

3.02 Accrual basis of accounting

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable International Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

3.03 Going concern

PABL has been suffering continous loss every year since incepeption resulting in negetive accumulated retained earnings and as well as negetive working capital. These gradually raises indication of threat to going concern. However, despite having these indications management believes that company has ability to continue as going concern and prepared financial statements accordingly under going concern assumption. Company has started its commercial operation 3 years ago and now started operating in full capacity. Company has made a forcast of its business and expectecs to continue generation of profit from 2023. Company has confirmed sales order exceedting its projection despite the COVID-19 outbreak. In addition In addition the Parent company of Progress Apparels Bangladesh Limited has agreed to provide financial assistance to PABL in case of its failure to meet any obligation which will falls due within next 12 months.

3.04 Statement of cash flows

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the direct method.

3.05 Accounting policies, changes in accounting estimates and errors

Accounting policies

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements.

An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented.

Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

Accounting estimates

The preparation of financial statements requires many estimates to be made on the basis of latest available and reliable information.

The effect of a change in accounting estimates should therefore be recognized prospectively.

Prior period errors

A prior period error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue.

A. QASEM & CO. CHARTERED ACCOUNTANTS

3.06 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

3.07 Taxation

The company is in operating stage from 1st quarter of FY 2017-18. It is noted that as per SRO No.219-Law/income Tax/2011, dated 04-07-2014 issued by internal resources division for all industries operating in the export processing zones of Bangladesh have been exempted from payment of income tax from the date of commencement of commercial operation as mentioned below:

Tax exemption period	Tax exemption Rate
First & second year	100%
Third & fourth year	50%
Fifth year	25%

3.08 Recognition of Property, plant and equipment

Recognition and measurement

According to IAS 16 "Property, Plant and Equipment" items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Part of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation cost, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Company.

Depreciation

No depreciation is charged on capital work in progress (CWIP) as CWIP is not yet available for use. Depreciation on other items of property plant and equipment is recognized on reducing balance or WDV basis over the estimated useful lives of each item of property, plant and equipment. For addition to property, plant and equipment, depreciation method, useful lives and residual balance are reviewed each reporting date and adjusted if appropriate.

The rate of depreciation varies according to the estimated useful lives of the items of property, plant and equipment. The depreciation rates for the current period are as follows:

Class of assets	Depreciation rate
Furniture and fixtures	10%
Leasehold improvements	10%
Plant and machineries	10%
Freehold factory building	10%
Motor vehicles	20%
Air conditioners	20%
Electrical installations	20%
Fire Protection & Prevention Equipment's	20%
Office Equipment's	20%
Other Equipment's	20%
Development projects	20%
IT equipment's	30%
Software/ERP	30%
Original cost-Other Low Value Assets	100%

3.09 Inventories

Inventories are valued at the lower of cost and net realizable value as per IAS 2, after making due allowance for obsolete, rejection and slow moving items, and Rejection & Leftover revaluated 85% of FOB Value under finished goods. Cost is valued using weighted average method. Net realizable value is the price at which inventories can be sold in the ordinary course business less the estimated cost of completion and the estimated cost necessary to make the sale.

3.10 Revenue recognition

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding taxes, and reduced by any rebates and trade discounts allowed as per IFRS-15.

Revenues are recognized when the risks and rewards of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return can be estimated reliably and there is no continuing management involvement with the sale of goods or service provided.

3.11 Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit or loss and other comprehensive income.

3.12 Transaction with related parties

The company carried out a number of transactions with related parties in the course of business and on arms length basis. Transaction with related parties has been appropriately recognized and disclosed in accordance with IAS 24 “Related Party Disclosures”.

3.13 Foreign currency transactions

Foreign currency transactions are translated into Bangladesh Taka at the rate ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on that date. This treatment is in accordance with IAS-21: The Effects of changes in Foreign Exchange Rates, which requires all differences arising from foreign exchange transactions to be recognized in the comprehensive income statement.

3.14 Financial Instruments

Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivable represents the amounts due from export customers. Accounts receivable stated at original invoice amount without making any provision for doubtful debts, because of the fact that exports are being based on 100% confirmed letter credit basis with fixed maturity dates/signed sales contract or buyer's P.O:

Trade and other payables

Trade and other payables are recognized when its contractual obligations arising from past events are certain and settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

3.15 Provisions and contingencies

A provision is recognised on the date of statement of financial position if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more future events beyond the control of the company. The company does not recognise a contingent liability but discloses its existence separately in the financial statements.

3.16 Disclosure for adopting new IFRS 16

IFAC has issued IFRS16 which has been adopted in Bangladesh and applicable from 01 January 2019. IFRS 16 is applied in financial statement of Progress Apparels (Bangladesh) Limited as on 31st December 2019. All leasehold asset is shown in asset schedule separately as leasehold asset and lease liability also shown separately in Statement of financial position. Lease asset value is measured as rental value for the remaining period of use as the rental payment is fixed no incremental value.

3.17 Disclosure for impact of COVID-19

At the begining the financial year, Bangladesh withnessed outbreak of COVID-19 pandemic. As part of government initiative to restrict spread of COVID-19, government impossed mandatory lockdown in the conuntry during April-May 2020. As a result company's operation was inturrepted as its factory and office were kept closed to comply with government guidelines. This lead to delay in receving raw materials and delivery of finished goods. In case of urgent shipment, company have used air freight instead of sea freight which lead additional cost to the company. In addition, company has continued salaries and wages payment to its workers and staffs despite factory and offices were closed. Company incurred additional cost for workers and staffs to ensure safety and security from Covid-19.

Because of the Covid-19, the none of the existing sales contract has been cancelled but new sales contracts has been deferred. Sales delivery has was been deffered. As a result revenue has decreased during the year. However, it is not possible to the company to quantify the sales contract has been deferred as the quantity of the goods and price are not finalized unless order is confirmed.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments varying efforts to combat the outbreak and support business. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Company at this stage. The financial statements have been prepared based upon conditions existing at 31 March 2021 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. No adjustments have been made to financial statements as at 31 March 2021 for the impact of COVID-19 and there is no substantial impact on the Company's ability to continue as a going concern.

3.18 General comments and obligations

a. All the issued shares have been fully called and paid up;
b. There is no preference shares issued by the company;
c. The company has not incurred any expenditure in foreign currency against royalties and technical fees;
d. Auditors are paid only the statutory audit fees, Quarterly audit fee, Group deliverables fee;
e. No foreign exchange was remitted to the shareholders during the year under audit, bearing refund of short term loan;
f. No money was spent by the company for compensating any member of the board for rendering special services;
g. No bank guarantee was issued by the company on behalf of its directors.

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

4.00 Property, plant and equipment

Amounts in BDT

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening blance	Addition during the year	Disposal for the year	Closing balance		Opening balance	Charged for the year	Disposal for the year	Closing balance	
Air conditioners	4,929,341	27,279,900	-	32,209,241	20	1,635,538	4,968,319	-	6,603,857	25,605,384
Electrical installations	102,071,889	6,812,548	-	108,884,437	20	28,075,027	15,617,903	-	43,692,930	65,191,507
Fire protection & prevention equipment	45,777,573	3,748,629	-	49,526,202	20	12,160,190	7,058,150	-	19,218,340	30,307,862
Freehold factory building	90,492,292	685,374	-	91,177,666	10	13,883,405	7,687,562	-	21,570,967	69,606,699
Furniture and fixtures	68,485,780	25,017,784	-	93,503,563	10	13,128,537	7,395,196	-	20,523,732	72,979,831
IT equipment	44,396,172	557,167	-	44,953,339	30	20,791,546	7,212,848	-	28,004,394	16,948,945
Leasehold improvements	101,007,740	110,426,836	-	211,434,576	10	13,660,205	11,021,376	-	24,681,581	186,752,995
Motor vehicles	301,390	-	-	301,390	20	51,924	49,893	-	101,817	199,573
Office equipment	1,602,148	4,937,640	-	6,539,788	20	603,029	1,021,039	-	1,624,068	4,915,720
Other equipment	7,003,608	4,637,106	-	11,640,714	20	2,442,951	1,386,325	-	3,829,275	7,811,439
Original cost - other low value assets	2,785,653	-	-	2,785,653	100	2,785,653	-	-	2,785,653	-
Plant and machineries	527,655,244	70,937,271	-	598,592,515	10	73,810,595	47,303,128	-	121,113,723	477,478,792
Development projects	17,214,397	-	-	17,214,397	20	10,328,638	3,442,879	-	13,771,518	3,442,879
As at 31 March 2021	**1,013,723,226**	**255,040,255**	**-**	**1,268,763,481**		**193,357,237**	**114,164,618**	**-**	**307,521,854**	**961,241,626**
As at 31 March 2020	**650,627,231**	**363,224,832**	**(128,837)**	**1,013,723,226**		**99,870,793**	**93,544,497**	**(58,053)**	**193,357,237**	**820,365,989**

5.00 Intangible asset

Amounts in BDT

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening balance	Addition during the year	Disposal for the period	Closing balance		Opening balance	Charged for the year	Disposal for the year	Closing balance	
Software/ERP	18,482,751	5,057,500	-	23,540,251	30	8,747,541	4,184,245	-	12,931,786	10,608,465
As at 31 March 2021	**18,482,751**	**5,057,500**	**-**	**23,540,251**		**8,747,541**	**4,184,245**	**-**	**12,931,786**	**10,608,465**
As at 31 March 2020	**12,625,478**	**5,857,273**	**-**	**18,482,751**		**4,575,308**	**4,172,233**	**-**	**8,747,541**	**9,735,210**

A. QASEM & CO. CHARTERED ACCOUNTANTS DHAKA

6.00 Right of use assets

Amounts in BDT

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening balance	Addition during the period	Adjustment for the period	Closing balance		Opening balance	Charged for the period	Disposal for the year	Closing balance	
Right of use assets	532,479,977		(64,431,777)	468,048,200	~	62,373,105	60,361,346	-	122,734,451	345,313,749
As at 31 March 2021	**532,479,977**	**-**	**(64,431,777)**	**468,048,200**		**62,373,105**	**60,361,346**	**-**	**122,734,451**	**345,313,749**
As at 31 March 2020		**532,479,977**	**-**	**532,479,977**			**62,373,105**	**-**	**62,373,105**	**470,106,872**

6.01 Allocation of Depreciation

Allocation of Depreciation	Notes	2021	2020
Factory overhead	21.03	101,653,884	83,529,995
General & administrative expense	23.00	16,694,979	14,186,735
Total		**118,348,863**	**97,716,730**

7.00 Capital work in progress

	2021	2020
	BDT	BDT
Opening Balance	216,783,927	148,111,545
Addition during the period	53,081,697	419,036,990
Transfer during the period	(251,505,170)	(350,364,607)
Write off	(6,981,154)	-
	11,379,300	**216,783,927**

4.00 Property, plant and equipment

Amounts in BDT

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening blance	Addition during the year	Disposal for the year	Closing balance		Opening balance	Charged for the year	Disposal for the year	Closing balance	
Air conditioners	4,929,341	27,279,900	-	32,209,241	20	1,635,538	4,968,319	-	6,603,857	25,605,384
Electrical installations	102,071,889	6,812,548	-	108,884,437	20	28,075,027	15,617,903	-	43,692,930	65,191,507
Fire protection & prevention equipment	45,777,573	3,748,629	-	49,526,202	20	12,160,190	7,058,150	-	19,218,340	30,307,862
Freehold factory building	90,492,292	685,374	-	91,177,666	10	13,883,405	7,687,562	-	21,570,967	69,606,699
Furniture and fixtures	68,485,780	25,017,784	-	93,503,563	10	13,128,537	7,395,196	-	20,523,732	72,979,831
IT equipment	44,396,172	557,167	-	44,953,339	30	20,791,546	7,212,848	-	28,004,394	16,948,945
Leasehold improvements	101,007,740	110,426,836	-	211,434,576	10	13,660,205	11,021,376	-	24,681,581	186,752,995
Motor vehicles	301,390	-	-	301,390	20	51,924	49,893	-	101,817	199,573
Office equipment	1,602,148	4,937,640	-	6,539,788	20	603,029	1,021,039	-	1,624,068	4,915,720
Other equipment	7,003,608	4,637,106	-	11,640,714	20	2,442,951	1,386,325	-	3,829,275	7,811,439
Original cost - other low value assets	2,785,653	-	-	2,785,653	100	2,785,653	-	-	2,785,653	-
Plant and machineries	527,655,244	70,937,271	-	598,592,515	10	73,810,595	47,303,128	-	121,113,723	477,478,792
Development projects	17,214,397	-	-	17,214,397	20	10,328,638	3,442,879	-	13,771,518	3,442,879
As at 31 March 2021	**1,013,723,226**	**255,040,255**	**-**	**1,268,763,481**		**193,357,237**	**114,164,618**	**-**	**307,521,854**	**961,241,626**
As at 31 March 2020	**650,627,231**	**363,224,832**	**(128,837)**	**1,013,723,226**		**99,870,793**	**93,544,497**	**(58,053)**	**193,357,237**	**820,365,989**

5.00 Intangible asset

Amounts in BDT

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening balance	Addition during the year	Disposal for the period	Closing balance		Opening balance	Charged for the year	Disposal for the year	Closing balance	
Software/ERP	18,482,751	5,057,500	-	23,540,251	30	8,747,541	4,184,245	-	12,931,786	10,608,465
As at 31 March 2021	**18,482,751**	**5,057,500**	**-**	**23,540,251**		**8,747,541**	**4,184,245**	**-**	**12,931,786**	**10,608,465**
As at 31 March 2020	**12,625,478**	**5,857,273**	**-**	**18,482,751**		**4,575,308**	**4,172,233**	**-**	**8,747,541**	**9,735,210**

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN

	Notes	2021 BDT	2020 BDT
8.00 Deferred tax (assets)/ liabilities			
Deferred tax from FDR interest income	8.01	192,203	-
Deferred tax from property, plant & equipment (except land)	8.02	16,969,031	-
Deferred tax from lease	8.03	(1,674,074)	-
Deferred tax from retirement obligations (other than actuarial difference)	8.04	(5,269,404)	-
Deferred tax from business loss-depreciation	8.05	(49,023,199)	-
Deferred tax (assets)/ liabilities from operation		**(38,805,444)**	-
Deferred tax liabilities from accumulated actuarial differences		741,827	-
		(38,063,616)	-

8.01 Deferred tax from FDR Interest Income

	2021	2020
Carrying amount	591,393	-
Tax base	-	-
Taxable/(deductible) temporary difference	**591,393**	-
Tax rate	32.50%	32.50%
	192,203	-

8.02 Deferred tax from Property, Plant & Equipment (except Freehold land)

	2021	2020
Carrying amount	971,850,091	-
Tax base	(802,159,778)	-
Taxable/(deductible) temporary difference	**169,690,313**	-
Tax rate	10%	10%
	16,969,031	-

8.03 Deferred tax for lease

	2021	2020
Carrying amount	16,740,744	-
Tax base	-	-
Taxable/(deductible) temporary difference	**(16,740,744)**	-
Tax rate	10%	10%
	(1,674,074)	-

8.04 Deferred tax from retirement obligations (other than actuarial difference)

	Notes	2021	2020
Carrying amount		45,275,766	-
Tax base		-	-
Taxable/(deductible) temporary difference		**(45,275,766)**	-
Tax rate		10%	10%
Total deferred tax (assets)/ liabilities from gratuity liability		**(4,527,577)**	-
Less: Deferred tax assets/(liabilities) from actuarial Gain/(loss)	33.01	741,827	-
		(5,269,404)	-

8.05 Deferred tax from business loss-depreciation

	2021	2020
Carrying amount	-	-
Tax base	(490,231,994)	-
Taxable/(deductible) temporary difference	**(490,231,994)**	-
Tax rate	10%	10%
	(49,023,199)	-

	Notes	2021	2020
		BDT	BDT

9.00 Inventories

	Notes	2021 BDT	2020 BDT
Fabric - body		142,452,650	168,453,586
Fabric - others		26,211,910	52,729,769
Accessories & trims		3,486,668	4,618,907
Accessories & trims Mfg.		10,979,300	32,269,446
Needles		323,237	409,426
Threads		17,547,340	32,607,549
Cartons		8,598,739	7,456,914
Hangers		9,854,881	12,734,517
Zippers		11,638,199	12,189,572
Polybags		8,006,514	7,515,716
Packing materials		14,041,523	28,441,547
Production consumables		854,834	1,389,597
Fuel		784,312	2,053,640
Fabric, trims & accessories for training		5,615	5,615
IT consumables		131,400	170,403
Stationaries and general consumables		3,765,539	561,585
Production paper		22,810	126,409
Stores & spare parts		2,951,014	3,830,527
Mechanical, electrical & plumbing		686,763	872,698
Chemical		23,903	6,504
Semi finished goods-manufacturing		275,570,485	314,690,852
Finished goods-manufacturing		127,613,132	255,126,697
Goods in transit		49,342,596	6,185,134
		714,893,363	**944,446,609**

10.00 Advances, deposits and prepayments

	Notes	2021 BDT	2020 BDT
Advances to employees		1,002,892	3,317,987
Advance Income Tax	10.01	3,447	3,447
Advance to suppliers		4,544,686	16,564,252
Prepaid insurance		8,121,203	2,249,610
Other advances		14,454,699	29,564,046
Prepaid expenses		1,081,321	4,415,560
Recovery of excess mobile Bill		-	(528)
Security deposit- rent		27,443,859	27,443,859
Security deposit- utilities		5,009,251	5,009,251
Security deposit- others		4,773,826	15,829,954
		66,435,183	**104,397,437**

10.01 Advance Income Tax

	Notes	2021 BDT	2020 BDT
Opening balance		3,447	1,622
Paid during the year		3,821,990	5,202,860
Less: Settlement of assessment		(3,821,990)	(5,201,035)
		3,447	**3,447**

Though PABL is in loss they have to pay the minimum tax under section 82c of income tax ordinance 1984 , this will considered as final settlement for PABL.

	Notes	2021 BDT	2020 BDT
11.00 Trade receivables			
Aditya Birla Fashion and Retail Limited		-	8,585,133
Buxton Pickles		4,951,829	4,951,829
Lifestyle International Pvt. Ltd.		1,971,280	-
		6,923,109	**13,536,962**
12.00 Inter-company receivables			
Progress Manufacturing Group Limited		-	66,127,262
Norwest Industries Limited		3,585,794	7,087,432
Styleberry Limited		250,750	250,750
Peticgem International Limited		3,735,422	30,950,098
Poeticgem Limited		710,116	-
Krayons Sourcing Limited		13,590,229	-
Simple Approach Limited		62,487,574	-
Design Arc UK Ltd.		55,632	-
PDS Far-east Limited		479,164	-
Twins Asia FZCO		4,563,038	-
Design Arc Asia Limited		15,743,332	-
		105,201,051	**104,415,542**
13.00 Other receivable			
FDR interest receivable		591,393	20,767
		591,393	**20,767**
14.00 Cash and cash equivalents			
Cash at bank	**14.01**	199,155,046	23,296,731
Cash in hand		400,982	3,285,778
Bkash account		218,296	402,813
		199,774,324	**26,985,323**
14.01 Cash at bank			
Woori Bank-Main Bank Account (BDT)		24,869	1,275,661
Woori Bank-Main Bank Account (USD)		170,494	171,696
Dutch Bangla-Main Bank Account (BDT)		113,966	207,536
HSBC-Main Bank Account (BDT)		293,728	6,022,999
HSBC-Main Bank Account (OBU)		-	10,488,593
HSBC-Main Bank Account (USD)		81,068	3,662,564
Sonali Bank Ltd-Main Bank Account (BDT)		74,191	383,866
Commercial Bank Of Ceylon- Main Bank A/C-(BDT)		41,867	396,846
Commercial Bank Of Ceylon- Main Bank A/C-(USD)		98,368	100,299
Commercial Bank Of Ceylon- Main Bank A/C-(OBU)		284,739	286,670
BRAC Bank-Main Bank Account (BDT)		40,516	-
BRAC Bank-ERQ Bank Account (USD)		9,981,396	-
Fund in transit		60,151,374	-
Fixed deposit with BRAC Bank		127,498,470	-
Fixed deposit with Commercial Bank of Ceylon		300,000	300,000
		199,155,046	**23,296,731**

Fixed deposit as above, is under lien with the Commercial Bank of Ceylon, towards issuance of bank guarantee of equivalent amount, favoring Green Delta Insurance Company Limited as security towards 30 days credit period.

	Notes	2021 BDT	2020 BDT

15.00 Share capital

Authorized capital

12,00,000 Ordinary Shares of Taka 100 each		120,000,000	120,000,000
28,00,000 Redeemable Preference Shares of Taka 100 each		780,000,000	280,000,000
Total		**900,000,000**	**400,000,000**

As per Memorandum and Articles of Association of the Company, the shareholders agreed to take the shares in proportion in the capital as detailed below:

15.01 Issued and paid up capital

Shareholding position as on reporting period was as follows:

Paid up capital	Equity Shares held	2021	2020
Progress Manufacturing Group Limited (Represented by Mr. Shahed Mahmud)	**40,091**	4,009,100	4,009,100
Mr. Ajai Singh	**1**	100	100
Mr. Pallak Seth	**10**	1,000	1,000
Mr. Omprakash Makam	**10**	1,000	1,000
	40,112	**4,011,200**	**4,011,200**

16.00 Redeemable Preference Share

Shareholding position as on reporting date :	Shares held	2021	2020
Progress Manufacturing Group Limited (Represented by Mr. Shahed Mahmud)	1,200,000	120,000,000	120,000,000
Add: During the period	6,563,515	656,351,500	-
	7,763,515	**776,351,500**	**120,000,000**

Redeemable preference share is shown under equity portion since it was not specified when it will be redeem and the preference shareholder will receive only dividend from the company that is why it is considered as Irredeemable

17.00 Share money deposit

		2021	2020
Opening balance		656,351,500	776,351,500
Addition during the period		-	-
Less: Issued Redeemable preference share		(656,351,500)	(120,000,000)
		-	**656,351,500**

		Notes	2021 BDT	2020 BDT
18.00	**Retained earnings**			
	Losses for the financial year:			
	1) FY - 2015-16		(2,925,393)	(2,925,393)
	2) FY - 2016-17		(51,809,634)	(51,809,634)
	3) FY - 2017-18		(349,936,908)	(349,936,908)
	4) FY - 2018-19		(219,434,462)	(219,434,462)
	5) FY - 2019-20		(225,003,643)	(225,003,643)
	5) FY - 2020-21		(735,334,031)	-
			(1,584,444,070)	**(849,110,039)**

Financial year for the Company is set from 1st April to 31st March of the following year, as per NBR letter no. 2833 6162 5430/SA-223(Co.)/2016-2017/ dated: 14.05.2017.

		Notes	2021 BDT	2020 BDT
19.00	**Post-retirement benefit obligation**			
	Plan liability for gratuity	19.01	20,161,412	19,813,772
	Plan liability for leave encashment	19.02	25,114,354	16,857,448
			45,275,766	**36,671,220**
19.01	**Plan liability for gratuity**			
	Opening plan liability		19,813,772	9,490,150
	Add: Service cost		9,170,896	10,236,637
	Add: Interest cost		1,822,867	873,094
	Less: Benefits paid out		(2,885,492)	-
	Add: Actuarial (gain)/loss		(7,760,631)	(786,109)
			20,161,412	**19,813,772**
19.02	**Plan liability for leave encashment**			
	Opening plan liability		16,857,448	9,412,135
	Add: Service cost		11,174,985	10,054,887
	Add: Interest cost		1,550,885	865,916
	Less: Benefits paid out		(10,149,827)	(2,761,871)
	Add: Actuarial (gain)/loss		5,680,863	(713,619)
			25,114,354	**16,857,448**
20.00	**Non-current portion of lease liability**			
	Opening balance		481,052,505	-
	Addition during the period		-	532,479,977
	Add: Interest accrued		19,856,717	25,098,365
	Less: Paid during the period		(72,893,326)	(76,525,837)
	Less: Adjustment for cancelled lease		(65,961,403)	-
	Total lease liability at the year end		**362,054,493**	**481,052,505**
	Less: Current portion of lease liability	20.01	72,023,869	54,058,153
			290,030,624	**426,994,352**
20.01	**Current portion of lease liability**			
	Balance at the year end		362,054,493	481,052,505
	Less: Balance payable after 12 month		290,030,624	426,994,352
			72,023,869	**54,058,153**

	Notes	2021	2020
		BDT	BDT
21.00 Secured short term bank borrowings			
Clean import loan from HSBC, Bangladesh		217,284,686	477,014,264
Short Term Loan- HSBC	21.01	46,750,000	-
HSBC Bill Discounting A/C		4,804,772	-
Bank Overdraft OBU A/C- HSBC		20,985,505	-
Bank Overdraft- BRAC Bank Ltd.		22,097,601	-
		311,922,564	**477,014,264**
21.01 Short Term Loan- HSBC			
Short term loan from HSBC		51,000,000	-
Less: Paid during the year		(4,250,000)	-
		46,750,000	**-**
22.00 Trade payable and other payables			
Trade payable		42,020,178	63,534,876
Other payables	22.01	456,198,280	462,413,921
		498,218,458	**525,948,797**
22.01 Other payables			
Liability to others		271,789,577	284,434,668
Retention money payable		19,005,202	9,538,487
Wages payable		40,231,534	36,812,460
Bonus payable		13,180	-
Salary payable		14,540,554	17,389,383
Food & transport payable - supervisor		-	2,325
Festival bonus payable - workers		75,185	16,696
GR/IR clearing account		81,458,190	7,601,270
Overtime payable		3,275,001	3,066,899
TDS-rent - plant & machinery		-	180
TDS & VDS payable		2,145,581	1,516,261
Unpaid wages payable		1,468,083	430,587
Unpaid incentive worker		364,998	364,998
Unpaid salary payable		658,184	591,931
Unpaid separated worker wages		2,660,963	2,605,051
Unpaid OT payable		1,124,722	1,111,206
Unpaid vendor payable		1,901,958	1,863,793
Expenses payable		252,059	921,140
Employee PF payable		1,091,976	1,258,248
Provision for expenses		3,753,013	42,729,653
Employee payable		8,315,166	7,580,692
Unpaid Incentive supervisor		15,813	15,813
Intercompany control account		2,057,341	42,562,180
		456,198,280	**462,413,921**
23.00 Inter-company payables			
Progress Manufacturing Group Limited		2,025,709,296	1,249,919,719
Design Arc UK Ltd.		-	47,738
Poeticgem Limited		-	1,676,300
Norwest Industries Limited		-	1,452,509
Green Apparel Industries Limited		1,660,050	-
Green Smart Shirts Limited		12,989,477	420,420
		2,040,358,822	**1,253,516,686**

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

	Notes	2021 BDT	2020 BDT
24.00 Revenue			
Export sales		1,559,704,094	2,192,744,563
		1,559,704,094	**2,192,744,563**

25.00 Cost of goods sold

	Notes	2021 BDT	2020 BDT
Fabrics trims and accessories consumption A/c		1,138,453,122	1,581,132,492
Add: Direct labour & wages	25.01	457,910,752	448,122,512
Add: Commercial expenses for imports	25.02	25,321,078	32,989,727
Add: Factory overhead	25.03	244,359,437	245,176,953
Add: Rev. of FG, stocklot, leftover		880,675	9,640,506
Less: Conversion cost allocated to FG & WIP		(15,554,523)	(67,336,081)
Total Factory cost		**1,851,370,541**	**2,249,726,109**
Add: Opening work in progress		314,690,852	172,951,827
Less: Closing work in progress		(275,570,485)	(314,690,852)
Cost of goods manufactured		**1,890,490,908**	**2,107,987,084**
Add: Opening stock of finished goods		261,311,831	107,611,045
Less: Closing stock of finished goods		(176,955,728)	(261,311,831)
Cost of goods sold		**1,974,847,011**	**1,954,286,298**

25.01 Direct labour & wages

	2021 BDT	2020 BDT
Attendance bonus-workers	9,431,000	11,151,906
AEPZ - subscription for medical centre	1,734,000	1,702,125
AEPZ - worker's welfare fund	688,500	688,500
Company's contribution to PF - workers	5,345,337	6,198,834
Food allowance-workers	19,546,475	21,279,290
Festival bonus-workers	29,996,475	20,637,050
Insurance - Employee	917,129	-
Maternity allowance	8,318,279	5,525,429
Medical benefits & expenses	248,038	716,666
Motivational expenses - workers	-	1,023,297
Production incentive-workers	-	5,691,084
Separation benefit-worker	632,318	1,613,573
Staff welfare expenses	3,178,395	-
Tiffin expenses	2,839,671	9,617,532
Transport allowance – workers	16,337,780	17,726,801
Wages	291,281,558	250,529,643
Overtime-worker	61,028,306	88,121,580
Welfare expenses - workers	57,500	-
Wages leave encashment - workers	6,329,991	5,899,202
	457,910,752	**448,122,512**

25.02 Commercial expense - imports

	2021 BDT	2020 BDT
Bank charges - LC	3,628,262	4,688,849
Bank charges - TT	126,857	657,319
C&F charges - import	14,386,890	13,699,401
C&F charges - spares & others	-	1,961,733
Insurance - import	1,381,248	2,545,567
Inland transport - inward	5,763,321	8,170,134
Loading & unloading - import	34,500	1,266,725
	25,321,078	**32,989,727**

	Notes	2021	2020
		BDT	BDT

25.03 Factory overhead

	Notes	2021 BDT	2020 BDT
Buyer's quality control personnel expenses		1,462,496	4,245,315
Boiler expenses		2,688	305,931
Compliance expenses		604,962	479,117
Consumption - plotter/thermo paper		2,915,669	4,308,542
Consumption - needle		534,800	673,879
Customer claims		1,645,720	1,734,158
Factory depreciation		101,653,884	83,529,995
Diesel for generator & boiler		12,499,957	15,109,008
Display & signage's expenses		-	227,973
Depreciation lease		60,361,346	33,106,681
Electricity expenses		22,033,172	18,467,612
Factory audit - compliance		1,905,663	1,367,160
Factory rent - AEPZ		387,556	-
Factory consumables		4,615,011	7,866,777
Fire training expenses		-	131,451
Gain/loss on physical inventory		463,224	4,879,372
Handling/transport charges		1,364,000	966,000
Housekeeping & cleaning		671,104	6,743,516
Inspection Fees		163,411	82,031
Insurance general		-	144,217
Insurance - boiler & pressure vessels		93,686	57,648
Insurance - factory building		1,798,501	1,798,546
Insurance - fire/industrial all risk expenses		7,871,977	3,235,348
Loading & unloading charges		194,845	1,710,837
License fee		494,759	789,595
Mould making expenses		-	140,980
MEP & other consumables		2,139,108	5,443,703
Overtime - agency personnel		269,635	2,011,089
Plant and machinery hire charges		8,411,660	11,708,477
Processing charges		6,276	213,334
Repairs & maintenance - factory building		379,140	1,670,197
Repair & maintenance - machinery		460,586	96,629
Repairs & Maintenance - generator		-	87,240
Repairs and maintenance - others		-	984,099
Rent - equipment		-	41,425
Security charges		1,053,384	5,036,060
Safety consumable expenses		-	710,004
Spare parts		1,715,948	5,095,923
Storage Charges		1,757,000	9,443,470
Uniform expenses		-	91,659
Wages - temporary worker		247,747	6,487,405
Water charges		4,180,524	3,954,551
		244,359,437	**245,176,953**

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

	Notes	2021	2020
		BDT	BDT

26.00 Employee benefits expenses

Attendance bonus - supervisor		202,001	183,426
Salaries		145,211,959	202,662,571
Production incentive - staff		-	151,084
Food allowance - supervisor		502,780	477,261
Festival bonus-staff		8,053,405	11,997,917
Festival bonus - supervisor		1,401,775	1,241,973
Gratuity expenses		9,170,896	10,236,637
Leave encashment		4,844,994	4,155,685
Separation benefit-staff		-	1,053,304
Notice pay		5,953,973	3,275,396
Transport allowance - supervisor		417,700	398,580
		175,759,483	235,833,834

27.00 General and administrative expenses

Accommodation expenses		35,121	-
Annual maintenance contract		1,719,154	2,904,760
Advertisement expenses (BEPZA)		-	261,280
Admin exp recharges		6,803,164	10,408,403
Auditors' remuneration		1,728,840	889,259
Automation fees - BEPZA		128,903	200,534
Buyer's welcome expenses		-	103,269
Car hire charges - on call		63,450	1,437,743
C&F charges - sample		-	2,401,808
Car parking charges		-	5,245
Car running expenses		-	2,295,969
Canteen expenses		-	775,607
Communication expenses		1,182,417	2,013,080
Consultancy fees		338,703	1,688,817
Concurrent audit expenses		559,155	1,000,500
Conveyance Expenses		1,869,891	7,766,842
Courier charges		3,537,515	16,733,536
Depreciation		16,694,979	14,186,735
Donations		-	51,000
Designing expenses		-	20,800
Electricity expenses		1,406,373	1,178,784
Buyer meeting & inspection expenses		777,070	5,295,622
Expatriate work permit and visa charges		116,424	8,657,261
Foreign exchange (gain)/loss		12,787,867	-
Government fees		757,211	51,576
Gas expenses		6,649	-
Hotel stay charges		661,355	2,146,412
Housekeeping & cleaning		42,836	430,437
Iftar expenses		23,000	229,500
Internal audit fees		-	1,523,715
Insurance expenses		251,747	3,431,493
Legal & professional charges		503,669	466,055
Management fees		-	1,456,306
Membership & subscription fees		-	150,719
Newspaper, books & periodicals		1,440	14,930

A. QASEM & CO. ★ CHARTERED ACCOUNTANTS ★ GULSHAN DHAKA

	Notes	2021	2020
		BDT	BDT
Non judicial stamp paper expenses		-	22,700
Office consumables		4,884,503	7,809,939
Other audit expenses		-	127,778
Out of office expenses		-	50,230
Postage and stamps expenses		27,030	28,320
Printing and stationery		158,672	413,282
Recruitment expenses		-	691,362
Repairs and maintenance		269,089	13,800
Repairs & maintenance - computer equipment's		153,168	33,737
Rent expenses		8,838,795	6,336,169
Sample expenses		1,075,822	2,350,455
Sales Promotion Expenses		650,147	1,087,414
Security charges		67,237	321,451
Service expenses		401,684	1,975,773
Seminar & conference expenses		-	1,183,765
Short shipment cert. expenses		-	137,725
Special event/celebration expenses		3,385,214	3,204,991
Software expenses		3,218,715	97,296
Staff training expenses		542,179	1,350,893
Showroom expenses		-	52,061
Travel expenses		1,084,156	10,680,978
Toll charges		126,573	243,734
Vehicle fuel		1,059,007	2,869,365
Vehicle-return/cancellation expenses		-	31,500
Written off - sundry balances		-	245,028
Water charges		266,842	252,418
		78,205,763	**131,790,158**

27.01 Office consumables

	2021	2020
IT consumables	879,799	2,666,003
Office supplies	35,111	42,670
Stationary and general consumable	3,969,593	5,101,265
	4,884,503	**7,809,939**

27.02 Insurance expenses

	2021	2020
Insurance - cash in transit	40,296	26,004
Insurance – cash in safe	125,939	81,255
Insurance - life & health - worker & staff	-	3,222,506
Insurance – laptop	85,512	101,728
	251,747	**3,431,493**

27.03 Rent Expenses

	2021	2020
Rent land - IEPZ	6,805,786	-
Rent residence premises - AEPZ	504,540	1,836,000
Rent - pool car	1,528,469	4,500,169
	8,838,795	**6,336,169**

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

	Notes	2021	2020
		BDT	BDT
28.00 Commercial expenses - exports			
Air & sea freight charges		22,965,289	24,590,421
Bank charges- export		2,350,762	2,160,609
C&F charges - export		19,737,015	9,752,113
Customs Overtime		-	134,132
Certificate of origin fees		59,902	8,110
Customs clearing charges		60,481	-
Demurage/Storage		2,637,238	4,090,865
EPB expenses (Export Promotion Bureau)		13,738	167,880
Insurance - export		498,570	811,493
Inland transport - outward		10,445,371	13,239,829
Loading & unloading - export		42,694	1,250,648
Offsite expenses - commercial		-	155,942
		58,811,060	**56,362,042**
29.00 Training line expenses			
Fabric		6,717,766	276,628
		6,717,766	**276,628**
30.00 Other income			
Interest on fixed deposit			21,267
Foreign exchange (gain)/loss		-	175,213
Profit on sale of tangible assets		-	25,016
Scrap sales		-	244,447
		-	**465,943**
31.00 Finance expenses			
Bank charges		1,883,630	629,207
Processing charges - loan		-	1,376,605
Interest- term loan		1,879,423	-
Interest- clean import loan		10,216,600	16,685,390
Interest Lease		19,856,719	14,033,942
Gain on cancelled lease		(1,529,628)	-
Interest expense-gratuity	17.01	1,822,867	873,094
Interest expense-leave encashment	17.02	1,550,885	865,916
		35,680,496	**34,464,154**
32.00 Income tax expenses			
Current tax expenses	32.01	3,821,990	5,201,035
Deferred tax income	32.02	(38,805,444)	-
		(34,983,453)	**5,201,035**

A. QASEM & CO. CHARTERED ACCOUNTANTS DHAKA

	Notes	2021 BDT	2020 BDT
32.01 Current tax expenses			
Provision for the year		3,821,990	5,202,860
Add: Prior year tax paid in access of provision		-	1,825
		3,821,990	**5,201,035**
32.02 Deferred tax expenses income			
Closing balance of deferred tax assets from operation		(38,805,444)	-
Less: Opening balance of deferred tax assets from operation		-	-
		(38,805,444)	**-**
33.00 Actuary difference for the year (net of deferred tax)			
Closing balance of OCI for actuarial gain	33.01	6,676,447	5,338,506
Less: Opening balance of OCI for actuarial gain		5,338,506	3,838,778
		1,337,941	**1,499,728**
33.01 Closing balance of OCI for actuarial gain (Net of deferred tax)			
Accumulated Actuarial gain or loss at the opening		5,338,506	3,838,778
Actuarial gain for the year		2,079,768	1,499,728
Accumulated Actuarial gain or loss at the year end		**7,418,274**	**5,338,506**
Less: deferred tax (assets)/liabilities on actuarial difference		741,827	-
		6,676,447	**5,338,506**

34.00 Related party disclosure

During the period under audit, the Company carried out a number of transactions with related parties in the normal course of business on an arm's length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosure.

Name of the parties	Type of relation	Nature of transaction	Opening Balance 01 Apr 2020	Transaction during the period	Paid or received during the period	Closing balance as at 31 Mar 2021
			Amounts in BDT			
Progress Manufacturing Group Limited	Parent company	(Payable)	(1,249,919,719)	-	775,789,577	(2,025,709,296)
Progress Manufacturing Group Limited	Parent company	Receivable	66,127,262	889,156,324	955,283,586	-
Norwest Industries Limited	Associate company	Receivable	7,087,432	99,339,344	102,840,982	3,585,794
Styleberry Limited	Associate company	Receivable	250,750	3,385,448	3,385,448	250,750
Peticgem International Limited	Associate company	Receivable	30,950,098	220,288,155	247,502,831	3,735,422
Design Arc UK Limited	Associate company	(Payable)/Receivable	(47,738)	103,370	-	55,632
Green Smart Shirts Limited	Associate company	(Payable)	(420,420)	-	12,569,057	(12,989,477)
Poeticgem Limited	Associate company	Receivable	-	36,562,818	35,852,702	710,116
Simple Approach Limited	Associate company	Receivable	-	126,737,485	64,249,912	62,487,574
PDS Far-east Limited	Associate company	Receivable	-	479,164	-	479,164
Twins Asia FZCO	Associate company	Receivable	-	12,849,915	8,286,877	4,563,038
Design Arc Asia Limited	Associate company	Receivable	-	15,940,240	196,909	15,743,332
Krayons Sourcing Limited	Associate company	Receivable	-	135,558,327	121,968,098	13,590,229
Green Apparel Industries Limited	Associate company	(Payable)	-	-	1,660,050	(1,660,050)
Norwest Industries Limited	Associate company	(Payable)	(1,452,509)	1,452,509	-	-
Poeticgem Limited	Associate company	(Payable)	(1,676,300)	1,676,300	-	-

35.00 Commitments and contingencies

35.01 Capital expenditure commitments

The company does not have significant capital commitments as at the financial statement date.

A.QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

35.02 Contingent Liabilities

The Contingent liability of the company, as on close of the period was Taka 36,44,35,441/= on account of various LCs opened by the bank in favour of suppliers of raw material, where materials has not yet been received and further Taka 3,00,000/= on account of unconditional Bank Guarantees issued in favour of Green Delta Insurance Company Limited towards guarantee of 30 days credit period.

36.00 General

36.01 Directors' remuneration for attending board meeting

No Board meeting attendance fee paid by the company.

36.02 Directors' remuneration for special service rendered.

During the audit period no remuneration has been paid to Managing Director and Directors.

36.03 Receivable from Directors

Nothing is receivable from the Director.

36.04 Directors' loan

None of the directors or the managing director of the company has ever taken any loan from the company and thus no interest is recoverable from them.

36.05 Employee information

The company has 403 salaried employees including supervisors & 2,872 salaried workers as on 31 March 2021. All of them receives total remuneration in excess of BDT 36,000 per annum.

37.00 Events after the reporting period

No significant event has been occurred after the reporting period to the date of signing of the financial statements to be considered for inclusion.

Shahed Mahmud
Managing Director
Progress Apparels (Bangladesh) Limited

Shireesh Jain
Chief Financial Officer
Progress Apparels (Bangladesh) Limited

A. QASEM & CO. CHARTERED ACCOUNTANTS GULSHAN DHAKA

Report of the Directors and Audited Financial Statements

PDS FAR-EAST LIMITED

31 March 2021

Building a better working world

PDS FAR-EAST LIMITED

CONTENTS

PDS FAR-EAST LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2021.

Principal activity
The Company was inactive in the prior year and the Company was engaged in the trading of garments during the year ended 31 March 2021.

Results
The Company's loss for the year ended 31 March 2021 and its financial position as at that date are set out the financial statements on pages 5 to 25.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Ajai Singh

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of PDS Far-east Limited (the "Company") set out on pages 5 to 25, which comprises the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

EY 安永

Independent auditor's report (continued)
To the member of PDS Far-east Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

PDS FAR-EAST LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	5	1,678,083	-
Cost of sales		(1,456,253)	-
Gross profit		221,830	-
Other income and gains	5	2	1,137
Selling and distribution expenses		(1,373)	-
Administrative expenses		(1,241,327)	(52,907)
Other operating expenses		(17,655)	(9,810)
Finance costs	7	(2,707)	-
LOSS BEFORE TAX	6	(1,041,230)	(61,580)
Income tax expense	9	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(1,041,230)	(61,580)

PDS FAR-EAST LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	7,780	(4,257,763)	(4,249,983)
Loss and total comprehensive loss for the year	-	(61,580)	(61,580)
At 31 March 2020 and 1 April 2020	7,780	(4,319,343)	(4,311,563)
Loss and total comprehensive loss for the year	-	(1,041,230)	(1,041,230)
At 31 March 2021	7,780	(5,360,573)	(5,352,793)

1. CORPORATE INFORMATION

PDS Far-East Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

The Company was inactive in the prior year and the Company was engaged in the trading of garments during the year ended 31 March 2021.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Company are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Company are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings or payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

The Company's entire revenue from the sale of garments is recognised at a point in time. The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of the Company's other income and gains is as follows:

	2021 HK$	2020 HK$
Other income and gains		
Bank interest income	2	431
Foreign exchange gain, net	-	59
Others	-	647
	2	1,137

6. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Auditor's remuneration		20,000	17,600
Depreciation of property, plant and equipment	10	15,623	9,810
Employee benefit expense (excluding directors' remuneration (note 8)):			
Salaries and allowances		802,329	-
Pension costs		16,832	-
		819,161	-
Reversal of impairment of trade receivables	11	-	(1,339)
Foreign exchange difference, net#		2,032	(59)

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2021	
At 31 March 2020 and 1 April 2020	
Cost	29,430
Accumulated depreciation	(20,569)
Net carrying amount	8,861
At 1 April 2020	8,861
Additions	57,755
Depreciation provided during the year	(15,623)
At 31 March 2021, net of accumulated depreciation	50,993
At 31 March 2021	
Cost	87,185
Accumulated depreciation	(36,192)
Net carrying amount	50,993
31 March 2020	
At 1 April 2019	
Cost	29,430
Accumulated depreciation	(10,759)
Net carrying amount	18,671
At 1 April 2019	18,671
Depreciation provided during the year	(9,810)
At 31 March 2020, net of accumulated depreciation	8,861
At 31 March 2020	
Cost	29,430
Accumulated depreciation	(20,569)
Net carrying amount	8,861

12. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Accruals	528,259	4,267
Other payables	82,155	20,000
	610,414	24,267

Note: Other payables are non-interest-bearing and have an average term of three months.

13. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
1,000 (2020: 1,000) ordinary shares	7,780	7,780

14. RELATED PARTY TRANSACTIONS

(a) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 8 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, amounts due from fellow subsidiaries and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position.

The financial liabilities of the Company comprise financial liabilities included in other payables and accruals and amounts due to the immediate holding company and fellow subsidiaries, which are categorised as financial liabilities at amortised cost. The carrying amount of financial liabilities included in other payables and accruals amounted to HK$208,781 (2020: HK$24,267). The carrying amounts of the Company's financial liabilities other than the financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Due from fellow subsidiaries					
- Normal**	197,350	-	-	-	197,350
Cash and cash equivalents					
- Not yet past due	234,764	-	-	-	234,764
	432,114	-	-	-	432,114

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 11 to the financial statements.

** The credit quality of amounts due from fellow subsidiaries is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or repayable within three months.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

PDS Global Investment Limited
Year ended 31 March 2021

	31 March 2021 USD	31 March 2020 USD
REVENUE	-	-
Cost of sales	-	-
Gross profit	-	-
Other income and gains	-	-
Selling and distribution expenses	-	-
Administrative expenses	(927)	(642)
Other operating expenses	-	-
Finance costs	-	-
Share of losses of joint ventures	-	-
PROFIT BEFORE TAX	(927)	(642)
Income tax expense	-	-
PROFIT FOR THE YEAR	(927)	(642)
Attributable to:		
Owners of the parent	(927)	(642)
Non-controlling interests	-	-

For and on behalf of
PDS Global Investments Limited

Authorized Signature(s)

PDS Global Investment Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 March 2021

	31 March 2021 USD	31 March 2020 USD
NON-CURRENT ASSETS		
Property, plant and equipment	-	-
Total non-current assets	-	-
	-	-
CURRENT ASSETS	-	-
Trade and bills receivables	-	-
Due from fellow subsidiaries	43,507	45,719
Cash and bank balances	-	-
Total current assets	43,507	45,719
	-	-
CURRENT LIABILITIES	-	-
Trade and bills payables	-	-
Other payables and accruals	-	1,285
Total current liabilities	-	1,285
NET CURRENT ASSETS	43,507	44,434
Net assets	43,507	44,434
EQUITY		
Share capital	50,000	50,000
Reserves	(6,493)	(5,566)
	-	-
Total equity	43,507	44,434
	-	-

For and on behalf of
PDS Global Investments Limited

....

Authorized Signature(s)

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

REPORTS

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

LOUIS LAI & LUK CPA LIMITED
CERTIFIED PUBLIC ACCOUNTANTS

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

CONTENTS

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended March 31, 2021.

CHANGE OF COMPANY NAME

The name of the Company was changed from Funky Brands Company Limited to PDS Smart Fabric Tech Limited with effect from June 18, 2020.

PRINCIPAL ACTIVITY

The principal activity of the Company is trading of masks.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The financial performance of the Company for the year ended March 31, 2021 and the financial position of the Company as at that date are set out in the financial statements on pages 6 to 7.

The directors do not recommend the payment of any dividend for the year.

SHARE CAPITAL

Details of share capital of the Company are set out in Note (11) to the financial statements.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Pallak SETH
Deepak Kumar SETH
Payel SETH

In accordance with Article 7 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company's holding company, subsidiary or fellow subsidiary was a party and in which a director of the Company or an entity connected with a director is or was materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its ultimate holding company or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

BUSINESS REVIEW

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

AUDITORS

The Company's auditors, Messrs. Louis Lai & Luk CPA Limited, retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, September 7, 2021.

LOUIS LAI & LUK CPA LIMITED CERTIFIED PUBLIC ACCOUNTANTS
黎劍民、陸永熙會計師事務所有限公司

LUK WING HAY FCCA CPA (PRACTISING) 陸永熙會計師
LUK KAR MAN CPA (PRACTISING) 陸嘉敏會計師

9/F., Surson Commercial Building,
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香港九龍尖沙咀
柯士甸道140至142號
瑞信集團大廈九樓

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF
PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of PDS Smart Fabric Tech Limited (formerly known as Funky Brands Company Limited) ("the Company") set out on pages 6 to 14, which comprise the statement of financial position as at March 31, 2021, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) Audit of Financial Statements Prepared in Accordance with the Small and Medium-Sized Entity Financial Reporting Standard issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report but 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 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, 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 (CONT'D)
TO THE MEMBER OF
PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622) and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

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INDEPENDENT AUDITOR'S REPORT (CONT'D)
TO THE MEMBER OF
PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)
(incorporated in Hong Kong with limited liability)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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.

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.

Louis Lai & Luk CPA Limited
Certified Public Accountants

Luk Wing Hay
Practising Certificate Number P01623

Hong Kong, September 7, 2021.

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

INCOME STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
REVENUE	(3)	32,697,694	-
COST OF GOODS SOLD		(15,111,202)	-
GROSS PROFIT		17,586,492	-
OTHER INCOME AND GAINS	(3)	2,600,899	3,965
OPERATING EXPENSES		(8,275,248)	(19,473)
PROFIT/(LOSS) BEFORE TAXATION	(4)	11,912,143	(15,508)
TAXATION	(6)	-	-
PROFIT/(LOSS) FOR THE YEAR		11,912,143	(15,508)

THE NOTES ON PAGES 8 TO 14 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	NOTES	2021	2020
		HK$	HK$
Current Assets			
Amount due from a fellow subsidiary	(7)	1,922,394	3,780,033
Trade and other receivables	(8)	20,806,209	-
Prepayment		20,568	-
Cash and cash equivalents		7,032,470	97,096
		29,781,641	3,877,129
Current Liabilities			
Other payables and accruals	(9)	2,951,351	92,301
Trade payables		11,096,476	-
Amounts due to fellow subsidiaries	(10)	1,766,360	1,729,517
		15,814,187	1,821,818
NET ASSETS		13,967,454	2,055,311
EQUITY			
Share capital	(11)	2,000,000	2,000,000
Retained earnings	(12)	11,967,454	55,311
TOTAL EQUITY		13,967,454	2,055,311

APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 7, 2021 AND SIGNED ON BEHALF OF THE BOARD BY:

Pallak SETH
Director

Deepak Kumar SETH
Director

THE NOTES ON PAGES 8 TO 14 FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

PDS Smart Fabric Tech Limited (formerly known as Funky Brands Company Limited and Fullhouse Manufacturing Limited) ("the Company") is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon. The principal activity is trading of masks. The directors consider that the ultimate holding company and immediate holding company are PDS Multinational Fashions Limited and Multinational Textile Group Limited respectively. The ultimate holding company is incorporated in India and the intermediate holding company is incorporated in Mauritius. The ultimate holding company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

2. PRINCIPAL ACCOUNTING POLICIES

a. Basis of Preparation

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap.622). The Company is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern.

The measurement base adopted is the historical cost convention.

The following are the specific accounting policies that are necessary for a proper understanding of the financial statements:

b. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

c. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

c. Taxation (Cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are general recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of specific asset and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax, if material, is charged or credited in the income statement.

d. Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following basis:

- Interest income is recognized on a time proportion basis taking into account the principal outstanding and the interest applicable.

e. Translation of Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

f. Related Parties

A related party is a person or entity that is related to the Company.

(A) A person or a close member of that person's family is related to the Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Company or a parent of the Company.

(B) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(vi) The entity is controlled or jointly controlled by a person identified in (A).
(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;
(ii) children of that person's spouse or domestic partner; and
(iii) dependants of that person or that person's spouse or domestic partner.

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE, OTHER INCOME AND GAINS

	2021	2020
Revenue, other income and gains recognised during the year are as follows :	HK$	HK$
Revenue	32,697,694	-
Other income and gains:		
Bank interest income	21	31
Marketing fee income	2,600,878	-
Exchange gain, net	-	3,934
	2,600,899	3,965
	35,298,593	3,965

4. PROFIT/(LOSS) BEFORE TAXATION

	2021	2020
	HK$	HK$
Profit/(Loss) before taxation is stated after charging and (crediting):		
Auditors' remuneration	15,500	7,000
Exchange losses/(gains), net	498,284	(3,934)

5. DIRECTORS' REMUNERATION

No fees or other emoluments were paid or payable to the directors during the year (2020: Nil).

6. TAXATION

No Hong Kong profits tax has been provided in the financial statements as the Company neither arises in nor is derived from Hong Kong (2020: Nil).

7. AMOUNT DUE FROM A FELLOW SUBSIDIARY

Amount due from a fellow subsidiary disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Outstanding principal		
Name of borrower	At beginning of year	At end of year	Maximum outstanding
	HK$	HK$	HK$
Norwest Industries Limited [1]	3,780,033	1,698,260	3,780,033
Spring Near East Manufacturing Company Limited [1]	-	6,418	6,418
Poeticgem Limited [2]	-	217,716	217,716
	3,780,033	1,922,394	

[1] Connected with common directors, Pallak SETH and Deepak Kumar SETH
[2] Connected with common director, Payel SETH

Principal terms: The amount due is interest free, unsecured and has no fixed repayment terms.

8. TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$	HK$
Trade receivables	20,401,037	-
Other receivables	405,172	-
	20,806,209	-

9. OTHER PAYABLES AND ACCRUALS

	2021	2020
	HK$	HK$
Accruals	7,750	7,000
Other payables	2,943,601	85,301
	2,951,351	92,301

10. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts due to fellow subsidiaries are interest-free, unsecured and have no fixed term of repayment.

11. SHARE CAPITAL

	2021	2020
	HK$	HK$
Issued and fully paid:		
2,000,000 ordinary shares	2,000,000	2,000,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

PDS SMART FABRIC TECH LIMITED
(FORMERLY KNOWN AS FUNKY BRANDS COMPANY LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

12. CHANGES IN EQUITY

	Share Capital	Retained Earnings	Total
	HK$	HK$	HK$
At April 1, 2020	2,000,000	55,311	2,055,311
Profit for the year	-	11,912,143	11,912,143
At March 31, 2021	2,000,000	11,967,454	13,967,454

13. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of Directors on September 7, 2021.

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Financial statements

31 March 2021

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Financial statements
for the year ended 31 March 2021

Contents	*Page*

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Corporate data

Director:		Appointed on
	Deepak Kumar Seth	05 May 2006
	Payel Seth	05 May 2006
	Pallak Seth	05 May 2006
	Sharmil Shah	01 March 2018
	Sheik Mohamad Ally Shameem Kureemun	07 August 2018
	Krishna Ramguttee (as permanent alternate to Sheik Mohamad Ally Shameem Kureemun)	07 August 2018

Company Secretary:

C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5, President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office:

C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5, President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor:

Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker:

HSBC Bank (Mauritius) Limited
6th Floor HSBC Centre
18, Cybercity Ebene
Republic of Mauritius

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Directors' report

The directors are pleased to present their report together with the audited financial statements of PDS Sourcing Limited (previously known as Global Textiles Group Limited) (the "Company") for the year ended 31 March 2021.

Change of name

With effect from 25 January 2021, the name of the Company was changed from Global Textiles Group Limited to PDS Sourcing Limited.

Principal activity

The principal activity of the Company is the holding of investments and of providing consultancy services.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2020: NIL).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

Our auditors, Lancasters Chartered Accountants have expressed their willingness to continue in office for the next financial year end.

By order of the Board of Directors

Director Date: 21 May 2021

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Secretary's certificate
for the year ended 31 March 2021

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date: 21 May 2021

Lancasters
Chartered Accountants

Auditors' report to member of PDS Sourcing Limited (formerly known as Global Textiles Group Limited)

Opinion

We have audited the financial statements of **PDS Sourcing Limited** (the "Company") set out on pages 7 to 33 which comprise the statement of financial position as at 31 March 2021, 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 notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor 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 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 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditors' report to member of PDS Sourcing Limited (previously known as Global Textiles Group Limited) (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Lancasters
Chartered Accountants

Auditors' report to member of PDS Sourcing Limited (previously known as Global Textiles Group Limited) (continued)

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 21.05.2021

GGi INDEPENDENT MEMBER

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2021

	Note	**2021 USD**	2020 USD
Revenue			
Consultancy income	7	**4,406,597**	4,613,320
Marketing income	7	**1,598,958**	2,563,216
		6,005,555	7,176,536
Expenses			
Consultancy fees		**6,025,223**	6,999,857
Professional fees		**12,471**	12,626
Audit and accounting fees		**9,854**	16,805
Bank charges		**6,974**	6,487
Administration charges		**3,225**	2,531
Licence fees		**2,270**	2,220
		6,060,017	7,040,526
(Loss)/ profit from operating activities		**(54,462)**	136,010
Net finance income/ (costs)	8	**87,300**	(25,533)
Profit before taxation		**32,838**	110,477
Taxation	9	**-**	-
Profit for the year		**32,838**	110,477
Other comprehensive income		**-**	-
Total comprehensive income for the year		**32,838**	110,477

The notes on pages 11 to 33 form part of these financial statements

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Statement of financial position
at 31 March 2021

		2021	2020
		USD	USD
Assets			
Non-current assets			
Investments in subsidiaries	10	**2,598,488**	2,598,488
Current assets			
Other receivables	11	**2,766,763**	1,862,949
Cash and cash equivalents		**89,269**	25,468
Total current assets		**2,856,032**	1,888,417
Total assets		**5,454,520**	4,486,905
Equity			
Stated capital	12	**3,987,266**	3,987,266
Revenue reserves		**71,654**	38,816
Total equity		**4,058,920**	4,026,082
Liabilities			
Current liabilities			
Other payables	13	**1,395,600**	460,823
Total current liabilities		**1,395,600**	460,823
Total equity and liabilities		**5,454,520**	4,486,905

Approved by the Board of Directors on 21 May 2021 and signed on its behalf by:

……………………………………… ………………………………………

Director *Director*

The notes on pages 11 to 33 form part of these financial statements

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Statement of changes in equity
for the year ended 31 March 2021

	Stated capital USD	**Revenue reserves /(deficit) USD**	**Total USD**
Balance as at 01 April 2019	3,987,266	(71,661)	3,915,605
Total comprehensive income for the year			
Profit for the year	-	110,477	110,477
Balance as at 31 March 2020	3,987,266	38,816	4,026,082
Total comprehensive income for the year			
Profit for the year	**-**	**32,838**	**32,838**
Balance as at 31 March 2021	**3,987,266**	**71,654**	**4,058,920**

The notes on pages 11 to 33 form part of these financial statements

PDS Sourcing Limited (previously known as Global Textiles Group Limited)

Statement of cash flows
for the year ended 31 March 2021

	2021	2020
	USD	USD
Cash flows from operating activities		
Profit before taxation	**32,838**	110,477
Adjustments for:		
Change in other receivables	**(903,814)**	211,601
Change in other payables	**934,777**	(364,887)
Net cash from/ (used in) operating activities	**63,801**	(42,809)
Cash flows from financing activities		
Repayment of advances to holding company	**-**	(212,845)
Movement in cash and cash equivalents	**63,801**	(255,654)
Cash and cash equivalents at beginning of the year	**25,468**	281,122
Cash and cash equivalents at end of the year	**89,269**	25,468

The notes on pages 11 to 33 form part of these financial statements

1. **General information**

The Company was incorporated as a private limited Company on 29 March 2006 and was granted a Category 1 Global Business Licence on 31 March 2006. The principal activity of the Company is the holding of investments and of providing consultancy services. The Company registered office is C/o Rogers Capital Corporate Services Limited, 3rd Floor Rogers House, No.5, President John Kennedy Street, Port Louis, Mauritius.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in compliance with Mauritius Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) Use of estimates and judgement

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

<u>Assumption and estimation uncertainties</u>

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the relevant notes as follows:

- Note 4 – Critical accounting estimates and judgements
- Note 6 – Financial instruments

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

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 April 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

These amendments had no material impact on the financial statements of the Company.

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

New and amended IFRS Standards that are effective for the current year (continued)

Definition of a Business (Amendments to IFRS 3) (continued)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

These amendments had no impact on the financial statements of the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no impact on the financial statements of the Company.

Notes to and forming part of the financial statements
for the year ended 31 March 2021

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

New and revised Standards and Interpretations in issue but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective.

Description	**Effective for annual periods beginning on or after**
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Amendments to IFRS 10 & IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

4. Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the United States Dollar (USD).

Going Concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern. Management have made an assessment of the Company's ability to continue as a going concern. The Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

(b) Revenue recognition

Revenue is recognised as follows:

- Marketing and consultancy income are accounted for as it accrues

(c) Finance income and finance costs

The Company's net finance income includes interest income and foreign exchange differences.

(d) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI.

Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

5. **Significant accounting policies (continued)**

(d) Taxation (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

5. **Significant accounting policies (continued)**

(e) Investment in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

(f) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include other receivables and cash and cash equivalents.

5. **Significant accounting policies (continued)**

(f) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

5. **Significant accounting policies (continued)**

(f) *Financial instruments (continued)*

Classification and subsequent measurement (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

5. **Significant accounting policies (continued)**

(f) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(g) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

5. **Significant accounting policies (continued)**

(h) *Impairment*

Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security {if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per (Rating Agency X) or BBB- or higher per (Rating Agency Y).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

5. **Significant accounting policies (continued)**

(h) Impairment (continued)

Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

(i) Expenses

All expenses are recognised in the statement of profit and loss and comprehensive income on an accrual basis.

(j) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

6. **Financial instruments – Fair values and risk management**

(a) Accounting classifications and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amounts		
31 March 2021	**Amortised cost**	**Other financial liabilities**	**Total**
	USD	**USD**	**USD**
Financial assets not measured at fair value			
Other receivables	**2,733,786**	**-**	**2,733,786**
Cash and cash equivalents	**89,269**	**-**	**89,269**
	2,823,055	**-**	**2,823,055**
Financial liabilities not measured at fair value			
Other payables	**-**	**1,395,600**	**1,395,600**
	-	**1,395,600**	**1,395,600**

	Carrying amounts		
31 March 2020	Amortised cost	Other financial liabilities	Total
	USD	USD	USD
Financial assets not measured at fair value			
Other receivables	1,825,830	-	1,825,830
Cash and cash equivalents	25,468	-	25,468
	1,851,298	-	1,851,298
Financial liabilities not measured at fair value			
Other payables	-	460,823	460,823
	-	460,823	460,823

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables and advance from holding company. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

(ii) Currency risk

The Company has certain financial instruments denominated in GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to GBP may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in USD.

Currency profile

	Financial assets 2021 USD	**Financial liabilities 2021 USD**	Financial assets 2020 USD	Financial liabilities 2020 USD
USD	**1,914,481**	**1,395,600**	1,036,082	460,823
GBP	**908,574**	**-**	815,216	-
	2,823,055	**1,395,600**	1,851,298	460,823

Sensitivity Analysis:

A 10 % strengthening of USD against the GBP at 31st March 2021 would have increased net profit before tax by **USD 90,857** (2020: USD 81,521). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2020.

Currency	**2021 USD**	2020 USD
GBP	**90,857**	81,521

Similarly, a 10% weakening of the USD against the GBP at 31 March 2021 would have had the exact reverse effect.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2021	2020
	USD	USD
Other receivables	**2,733,786**	1,825,830
Cash and cash equivalents	**89,269**	25,468
	2,823,055	1,851,298

Expected credit loss assessment

(i) *Other receivables*

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a 12-month expected loss allowance for all other receivables.

The expected credit loss on other receivables was deemed by management to be not material and therefore no impairment allowances were accounted for.

(ii) Cash and cash equivalents

The Company held cash and cash equivalents of USD 89,269 at 31 March 2021 (2020: USD 25,468). The cash and cash equivalents are held with banks with international repute and having strong track record in the banking industry.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The expected credit loss on cash and cash equivalents was deemed by management to be not material and therefore no impairment allowances were accounted for.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year USD	**One to five years USD**	**Total USD**
31 March 2021			
Financial liabilities			
Other payables	**1,395,600**	**-**	**1,395,600**
31 March 2020			
Financial liabilities			
Other payables	460,823	-	460,823

7. **Revenue**

Revenue consists of:

	2021 USD	2020 USD
Consultancy income	**4,406,597**	4,613,320
Marketing income	**1,598,958**	2,563,216
	6,005,555	7,176,536

8. **Net finance costs**

	2021 USD	2020 USD
Finance income:		
Unrealised exchange gain	**90,531**	56,743
Realised exchange gain	**231**	18,093
	90,762	74,836
Finance costs:		
Unrealised exchange loss	**(543)**	(96,856)
Realised exchange loss	**(2,919)**	(3,513)
	(3,462)	(100,369)
Net finance income/ (costs)	**87,300**	(25,533)

9. **Taxation**

The Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid and a deemed credit of 80% of the Mauritian tax on its foreign source income.

The reconciliation of the actual tax charge with the effective tax charge is as follows:

Recognised in statement of profit or loss and other comprehensive income

	2021 USD	2020 USD
Current year income tax	**-**	-

Reconciliation of effective taxation

	2021 USD	2020 USD
Profit before taxation	**32,838**	110,477
Income tax at 15%	**4,926**	16,572
Non-allowable expenses	**448**	14,939
Non-taxable income	**(13,580)**	(11,188)
Foreign tax credit	**(6,565)**	(16,258)
Deferred tax utilised during the year	**14,771**	(4,065)
Income tax expense	**-**	-

10. **Investments in subsidiaries**

Investments consist of unquoted shares

	2021	2020
	USD	USD
Cost		
At 01 April	**2,598,488**	2,598,488
Disposal during the year	**-**	-
As at 31 March	**2,598,488**	2,598,488

Name of company	*Type of shares*	*Number of shares*	*% held*	*Country of incorporation*
Poeticgem Limited	Equity	50,000	100	United Kingdom
Poetic Brands Limited	Equity	30,000	60	United Kingdom
Design Arc UK Limited	Equity	42,500	85	United Kingdom

At the reporting date, the directors have reviewed the carrying amounts of the investments in subsidiaries and considered that no provision for impairment is required for the year under review.

Impact of COVID-19 on the investments in subsidiaries

The management has made an assessment on the potential impact which COVID-19 could have done on the investments in subsidiaries. They have concluded that they do not see any long-term permanent impact. They have determined that none of the investee companies will have going concern issues, thus there is no need to impair the above investments.

11. **Other receivables**

	2021	2020
	USD	USD
Unsecured, interest free loan and repayable on demand	**1,449,913**	1,403,215
Non-trade receivables	**1,283,873**	422,615
Prepayments	**32,977**	37,119
	2,766,763	1,862,949

11. **Other receivables (continued)**

Impact of Covid 19 on other receivables

The COVID 19 may have a major impact on the recoverability of the amount due by the debtors. Consequently, the directors have made an assessment on the trade and other receivables figures and have concluded that no impairment is required because in the past, the debtors have not defaulted in effecting payments and they are also committed to settle the outstanding balance receivables in the near future.

12. **Stated capital**

	2021	2020
	USD	USD
3,987,266 ordinary shares of USD 1 each	**3,987,266**	3,987,266
	=========	=========

All shares in issue are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13. **Other payables**

	2021	2020
	USD	USD
Non-trade payables and accrued expenses	**1,395,600**	460,823
	=========	=========

14. **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 operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

14. **Related party transactions (continued)**

During the year under review, the Company entered into the following related party transactions

		2021	2020
		USD	USD
Transactions during the year:	*Nature:*		
Multinational Textiles Group Limited	Exchange difference on retranslation	**-**	17,845
Multinational Textiles Group Limited	Advance received	**40,000**	62,000
Multinational Textiles Group Limited	Advance paid	**-**	(169,000)
Poetic Brands Limited	Exchange difference on retranslation	**86,697**	(40,493)
Norwest Industries Limited	Marketing fees accrued	**775,584**	1,563,979
Norwest Industries Limited	Marketing fees received	**(651,950)**	(1,606,804)
Simple Approach Limited	Marketing fees accrued	**452,998**	743,970
Simple Approach Limited	Marketing fees received	**(375,126)**	(755,784)
PG Group Limited	Marketing fees accrued	**330,234**	219,269
PG Group Limited	Marketing fees received	**(231,495)**	(224,798)
PG Home Group Limited	Marketing fees accrued	**36,000**	36,000
PG Home Group Limited	Marketing fees received	**(36,000)**	(36,000)
Styleberry Limited	Consultancy fees accrued	**235,248)**	150,036
Styleberry Limited	Consultancy fees received	**(207,082)**	(138,483)
Progress Manufacturing Group Limited	Consultancy fees accrued	**327,359**	926,702
Progress Manufacturing Group Limited	Consultancy fees received	**(226,154)**	(1,088,571)
Grupo Sourcing Limited	Consultancy fees accrued	**48,000**	48,000
Grupo Sourcing Limited	Consultancy fees received	**(36,000)**	(144,000)
Twins Asia Limited	Consultancy fees accrued	**250,958**	259,966
Twins Asia Limited	Consultancy fees received	**(237,613)**	(258,948)
PDS Asia Star Corp Limited	Consultancy fees accrued	**217,400**	434,620
PDS Asia Star Corp Limited	Consultancy fees received	**(229,400)**	(432,620)
Fareast Vogue Limited	Consultancy fees accrued	**70,000**	72,000
Fareast Vogue Limited	Consultancy fees received	**(70,000)**	(72,000)
Green Apparel Industries Limited	Consultancy fees accrued	**425,873**	386,299
Green Apparel Industries Limited	Consultancy fees received	**(349,863)**	(349,660)
Poeticgem International Limited	Consultancy fees accrued	**1,205,975**	1,200,299
Poeticgem International Limited	Consultancy fees received	**(1,075,929)**	(1,200,877)
Krayons Sourcing Limited	Consultancy fees accrued	**305,987**	206,796
Krayons Sourcing Limited	Consultancy fees received	**(293,432)**	(206,037)
Zamira Fashions Limited	Consultancy fees accrued	**196,959**	291,723
Zamira Fashions Limited	Consultancy fees received	**(191,548)**	(289,893)
Blueprint Design Limited	Consultancy fees accrued	**4,017**	42,050
Blueprint Design Limited	Consultancy fees received	**(6,517)**	(44,050)

14. **Related party transactions (continued)**

		2021 USD	2020 USD
Transactions during the year (continued):	*Nature:*		
360 Degree Notch Limited	Consultancy fees accrued	**134,000**	68,000
360 Degree Notch Limited	Consultancy fees received	**(122,000)**	(68,000)
Clover Collections Limited	Consultancy fees accrued	**324,075**	323,663
Clover Collections Limited	Consultancy fees received	**(300,075)**	284,580
FX Import HK Limited	Consultancy fees accrued	**121,710**	203,163
FX Import HK Limited	Consultancy fees received	**(134,548)**	(212,260)
Administrator	Administrator fees accrued	**30,170**	27,415
Administrator	Administrator fees paid	**(35,790)**	(33,435)
		======	======

		2021 USD	2020 USD
Balances outstanding at 31 March:			
Multinational Textiles Group Limited	Amount receivable	**548,000**	588,000
Poetic Brands Limited	Loan receivable	**901,913**	815,216
Norwest Industries Limited	Marketing fees receivable	**217,571**	93,937
Simple Approach	Marketing fees receivable	**126,843**	45,971
PG Group Limited	Marketing fees receivable	**107,455**	8,716
PG Home Group Limited	Marketing fees receivable	**3,000**	3,000
Styleberry Limited	Consultancy fees receivable	**39,719**	11,553
Progress Manufacturing Group Limited	Consultancy fees receivable	**103,769**	2,564
Grupo Sourcing Limited	Consultancy fees receivable	**12,000**	-
Twins Asia Limited	Consultancy fees receivable	**26,607**	13,262
PDS Asia Star Corp Limited	Consultancy fees receivable	**-**	12,000
Fareast Vogue Ltd	Consultancy fees receivable	**6,000**	6,000
Green Apparel Industries Limited	Consultancy fees receivable	**112,649**	36,639
Poeticgem International Limited	Consultancy fees receivable	**218,170**	88,124
Krayons Sourcing Limited	Consultancy fees receivable	**26,200**	13,645
Zamira Fashions Limited	Consultancy fees receivable	**27,529**	22,118
Blueprint Design Limited	Consultancy fees receivable	**-**	2,500
360 Degree Notch Limited	Consultancy fees receivable	**17,000**	5,000
Clover Collections Limited	Consultancy fees receivable	**63,083**	39,083
FX Import HK Limited	Consultancy fees receivable	**-**	12,838
Rogers Capital Corporate Services Limited	Administration fees payable	**400**	6,020
		======	======

Notes to and forming part of the financial statements
for the year ended 31 March 2021

15. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

16. **Exemption from preparing consolidated financial statements**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited and has taken advantage of paragraph 4 of International Financial Reporting Standards (IFRS 10) – 'Consolidated Financial Statements', which dispenses it from the need to present consolidated financial statements. The registered office of Multinational Textile Group Limited where the consolidated financial statements are available is 3rd Floor, Rogers House, No.5, President John Kennedy Street, Port-Louis, Mauritius.

17. **Holding and ultimate holding company**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

18. **Events subsequent to reporting date**

Following the spread of the coronavirus, the World Health Organisation declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The effects of COVID-19 is continuing to cause significant market volatility.

The economic and broader impacts of COVID-19 may have an effect on the Company's financial statements and operations in the future. The financial statements do not include any adjustments as a result of this event. The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but not limited to, twelve months from date of authorisation of these financial statements. Based on this assessment, no material impact is expected on the Company from COVID-19 and the directors are of the view that sufficient cash flow would be available for the operations of the Company for the foreseeable future.

No other matters of significance occurred up to the date of approval of the annual financial statements which may have affected the financial results at that date.

Report of the Directors and Audited Financial Statements

PDS TAILORING LIMITED
(Formerly known as Nor India Manufacturing Company Limited)

31 March 2021

PDS TAILORING LIMITED
(Formerly known as Nor India Manufacturing Company Limited)

CONTENTS

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....

Deepak Kumar Seth
Chairman
Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of PDS Tailoring Limited
(Formerly known as Nor India Manufacturing Company Limited)
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of PDS Tailoring Limited (the "Company") set out on pages 6 to 24, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of PDS Tailoring Limited
(Formerly known as Nor India Manufacturing Company Limited)
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of PDS Tailoring Limited
(Formerly known as Nor India Manufacturing Company Limited)
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

PDS TAILORING LIMITED
(Formerly known as Nor India Manufacturing Company Limited)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Other income	4	182,847	162
Administrative expenses		(3,880,880)	(369,621)
Other operating expenses		(258,975)	(90)
LOSS BEFORE TAX	5	(3,957,008)	(369,549)
Income tax expense	7	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,957,008)	(369,549)

PDS TAILORING LIMITED
(Formerly known as Nor India Manufacturing Company Limited)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Note	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity/(net deficiency in assets) HK$
At 1 April 2019		77,800	13,895,852	13,973,652
Loss and total comprehensive loss for the year		-	(369,549)	(369,549)
Final 2020 dividend declared	8	-	(13,615,000)	(13,615,000)
At 31 March 2021 and at 1 April 2020		77,800	(88,697)	(10,897)
Loss and total comprehensive loss for the year		-	(3,957,008)	(3,957,008)
At 31 March 2021		77,800	(4,045,705)	(3,967,905)

1. CORPORATE INFORMATION

PDS Tailoring Limited (formerly known as Nor India Manufacturing Company Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The Company was inactive in the prior year and the Company was engaged in the trading of garments during the year ended 31 March 2021.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's immediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial instruments
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends
Final dividends are recognised as a liability when they have been approved by the shareholder in either a general meeting or by a resolution in writing.

Revenue recognition
Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Commission income is recognised over time when the services are rendered.

Foreign currency transactions
These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2021 HK$	2020 HK$
Auditor's remuneration	15,000	15,000
Depreciation of property, plant and equipment	14,936	-
Employee benefit expense (excluding directors' remuneration (note 6)):		
Salaries and allowances	263,293	-
Pension costs	8,335	-
	271,628	-
Foreign exchange difference, net	244,039	-

6. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

7. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax applicable to loss before tax at the Hong Kong statutory tax rate to the tax charge at the effective tax rate is as follows:

	2021 HK$	2020 HK$
Loss before tax	(3,957,008)	(369,549)
Tax credit at the statutory tax rate	(652,906)	(60,975)
Income not subject to tax	(30,170)	(27)
Expenses not deductible for tax	683,076	61,002
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

10. OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Other payables	-	9,201
Accruals	15,000	13,720
	15,000	22,921

Other payables as at 31 March 2020 were non-interest-bearing and had an average term of three months.

11. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	77,800	77,800

12. RELATED PARTY TRANSACTIONS

(a) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(b) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 6 to the financial statements.

(c) In addition to the transactions detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	2021 HK$	2020 HK$
Fellow subsidiaries:		
Recharge expenses paid	2,678,174	-
Commission income received	145,540	-

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

The maximum exposure of the Company's financial assets, which comprise an amount due from the immediate holding company and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

An amount due from the immediate holding company and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of an amount due from the immediate holding company is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Financial statements

31 March 2021

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Financial statements
for the year ended 31 March 2021

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PDS Ventures Limited (previously known as MultiTech Venture Limited)

Corporate data

		Appointment on:	Resigned on:
Directors:	Deepak Kumar Seth	20 June 2016	-
	Payel Seth	20 June 2016	-
	Pallak Seth	20 June 2016	-
	Sharmil Shah	25 November 2015	-
	Dhanun Ujoodha	25 November 2015	-
	Sheik Mohamad Ally Shameem Kureemun (alternate to Dhanun Ujoodha)	25 November 2015	-
	Krishna Ramguttee (alternate to Sharmil Shah)	14 February 2019	-

Company Administrator& Secretary:

Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5 President John Kennedy Street
Port Louis
Republic of Mauritius

Registered office:

C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No.5 President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor:

Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker:

HSBC Bank (Mauritius) Limited
6th Floor HSBC Centre
18, Cybercity Ebene
Republic of Mauritius

AfrAsia Bank Limited
3rd Floor, NeXTeracom
Tower III, Ebene
Republic of Mauritius

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Directors' report

The directors are pleased to present their report together with the audited financial statements of PDS Ventures Limited (previously known as MultiTech Venture Limited) (the "Company") for the year ended 31 March 2021.

Change of name

With effect from 20 January 2021, the name of the Company was changed from PDS Ventures Limited to MultiTech Venture Limited.

Principal activity

The principal activity of the Company is the holding of investments.

Results and dividend

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2020: Nil).

Statement of directors' responsibilities in respect of financial statements

Company law requires the directors to prepare financial statements for each financial period giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Going Concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern on the year ahead.

Auditors

The auditors, Lancasters Chartered Accountants, have expressed their willingness to continue in office until the next Annual Meeting.

By order of the Board of Directors

Director Date: 21 May 2021

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Secretary's certificate
for the year ended 31 March 2021

Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
Company secretary

Date: 21 May 2021

Lancasters
Chartered Accountants

Auditors' report to member of PDS Ventures Limited (previously known as MultiTech Venture Limited)

Opinion

We have audited the financial statements of **PDS Ventures Limited** (the "Company") set out on pages 7 to 32 which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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

Without qualifying our opinion, we draw attention to Note 17 in the financial statements which indicates that the Company incurred a net loss of USD 539,070 during the year ended 31 March 2021 and, as of that date; the Company's total liabilities exceeded its total assets by USD 221,890. These conditions, along with other matters as set forth in Note 17, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the holding company has confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on a going concern basis.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor 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 conclusion thereon.

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INDEPENDENT MEMBER

Auditors' report to member of PDS Ventures Limited (previously known as MultiTech Venture Limited) (continued)

Other Information (continued)

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 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditors' report to member of PDS Ventures Limited (previously known as MultiTech Venture Limited) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Other matter

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius.
Date : 21.05.2021

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

INDEPENDENT MEMBER

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2021

	Note	2021 USD	2020 USD
Revenue	7	**-**	-
Expenses			
Consultancy fees		**5,000**	45,000
Professional fees		**2,847**	4,636
Audit and accounting fees		**2,699**	3,869
Administration charges		**2,298**	2,468
Licence fees		**2,270**	2,220
Bank charges		**1,338**	1,413
		16,452	59,606
Loss from operations		**(16,452)**	(59,606)
Share of loss in joint venture	9	**-**	(564,291)
Payable waived off		**5,000**	-
Impairment of loan receivable		**(527,618)**	-
Loss before taxation		**(539,070)**	(623,897)
Taxation	8	**-**	-
Loss for the year		**(539,070)**	(623,897)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(539,070)**	(623,897)

The notes on pages 11 to 32 form part of these financial statements

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Statement of financial position
as at 31 March 2021

	Note	**2021** USD	2020 USD
Assets			
Non-current asset			
Investment in joint venture	9	**-**	-
Current assets			
Other receivables	10	**353,818**	881,436
Cash and cash equivalents		**4,850**	8,819
Total current assets		**358,668**	890,255
Total assets		**358,668**	890,255
Equity			
Stated capital	11	**1,000,000**	1,000,000
Revenue deficit		**(1,221,890)**	(682,820)
Total equity		**(221,890)**	317,180
Liabilities			
Current liabilities			
Other payables	12	**8,493**	16,010
Advance from holding company	13	**572,065**	557,065
Total current liabilities		**580,558**	573,075
Total equity and liabilities		**358,668**	890,255

Approved by the Board of Directors on 21 May 2021 and signed on its behalf by:

Director   *Director*

The notes on pages 11 to 32 form part of these financial statements

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Statement of changes in equity
for the year ended 31 March 2021

	Stated capital USD	Revenue deficit USD	Total USD
Balance as at 01 April 2019	800,000	(58,923)	741,077
Total transaction with owners of the Company			
Issue of shares	200,000	-	200,000
Total comprehensive income for the year			
Loss for the year	-	(623,897)	(623,897)
Balance as at 31 March 2020	**1,000,000**	**(682,820)**	**317,180**
Total transaction with owners of the Company			
Issue of shares		-	
Total comprehensive income for the year			
Loss for the year	-	**(539,070)**	**(539,070)**
Balance as at 31 March 2021	**1,000,000**	**(1,221,890)**	**(221,890)**

The notes on pages 11 to 32 form part of these financial statements

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Statement of cash flows
for the year ended 31 March 2021

	2021	2020
	USD	USD
Cash flows from operating activities		
Loss before taxation	**(539,070)**	(623,897)
Adjustments for:		
Share of loss in joint venture	**-**	564,291
Payable waived off	**(5,000)**	-
Impairment of loan receivable	**527,618**	-
	(16,452)	(59,606)
Change in working capital:		
Change in other receivable	**-**	(700,049)
Change in other payables	**(2,517)**	10,774
Net cash used in operating activities	**(18,969)**	(748,881)
Cash flows from investing activities		
Issue of shares	**-**	200,000
Investment in associate	**-**	(5,000)
Net cash from investing activities	**-**	195,000
Cash flows from financing activities		
Loan from holding Company	**15,000**	550,000
Movement in cash and cash equivalents	**(3,969)**	(3,881)
Cash and cash equivalents at beginning of the year	**8,819**	12,700
Cash and cash equivalents at end of the year	**4,850**	8,819

The notes on pages 11 to 32 form part of these financial statements

1. **General information**

The Company was incorporated as a private limited Company on 25 November 2015 and was granted a Category 1 Global Business Licence on 26 November 2015. The principal activity of the Company is the holding of investments.

The Company's registered office is C/o Rogers Capital Corporate Services Limited, 3rd Floor Rogers House, No.5, President John Kennedy Street, Port Louis, Republic of Mauritius.

2. **Basis of preparation**

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ('IASB') and in compliance with the requirements of the Mauritius Companies Act.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis except where stated otherwise.

(c) Functional currency and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) Use of the estimates and judgement

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's 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 estimates are recognised prospectively.

<u>Assumption and estimation uncertainties</u>

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of loan;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

2. **Basis of preparation (continued)**

   (d) Use of estimates and judgement (continued)

   Determination of functional currency

   The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected.

   Since the Company operates in an international environment and conducts most of its transaction in foreign currency, the Company has chosen to retain United States Dollar (USD) as its reporting currency. The Company determines its functional currency based on the primary economic environment in which the Company operates.

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

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 April 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

These amendments had no material impact on the financial statements of the Company.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

New and amended IFRS Standards that are effective for the current year (continued)

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

These amendments had no impact on the financial statements of the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no impact on the financial statements of the Company.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

New and revised Standards and Interpretations in issue but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective.

Description	**Effective for annual periods beginning on or after**
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Amendments to IFRS 10 & IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

4. **Changes in significant accounting policies**

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the United States Dollar (USD).

Going Concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern. Management have made an assessment of the Company's ability to continue as a going concern. The Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

5. **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- available-for-sale equity investments (except on impairment, I which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive payment is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).

(c) Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items directly in equity or in OCI. Current tax comprises the expected tax payable on the taxable income for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

5. **Significant accounting policies (continued)**

   (c) Taxation(continued)

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(d) Investments in jointly controlled entities

The Company's has interests in joint ventures.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Company has equity accounted its investment in jointly controlled entities.

(e) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

5. **Significant accounting policies (continued)**

(e) Financial instruments(continued)

Classification and subsequent measurement (continued)

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include other receivables and cash and cash equivalents.

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5. **Significant accounting policies (continued)**

(e) Financial instruments(continued)

Classification and subsequent measurement (continued)

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

5. **Significant accounting policies (continued)**

(e) Financial instruments (continued)

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

5. **Significant accounting policies (continued)**

(e) Financial instruments(continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(f) Share capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(g) Provisions

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Impairment

Non-derivative financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Non-derivative financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

5. **Significant accounting policies (continued)**

(h) Impairment (continued)

Non-derivative financial assets (continued)

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security {if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be Baa3 or higher per (Rating Agency X) or BBB- or higher per (Rating Agency Y).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

6. **Financial instruments – Fair values and risk management**

(a) *Accounting classifications and fair value*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2021	Amortised cost USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value						
Other receivables	353,091	353,091	-	-	-	-
Cash and cash equivalents	4,850	4,850	-	-	-	-
	357,941	357,941	-	-	-	-
Financial liabilities not measured at fair value						
Other payables	8,493	8,493	-	-	-	-
Advance from holding company	572,065	572,065	-	-	-	-
	580,558	580,558	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(a) Accounting classifications and fair value (continued)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2020

	Amortised cost USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets not measured at fair value						
Other receivables	880,709	880,709	-	-	-	-
Cash and cash equivalents	8,819	8,819	-	-	-	-
	889,528	889,528	-	-	-	-
Financial liabilities not measured at fair value						
Other payables	16,010	16,010	-	-	-	-
Advance from holding company	557,065	557,065	-	-	-	-
	573,075	573,075	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables and advance from holding company. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

(ii) Currency risk

Currency risk is the risk that the Company might be exposed to exchange rates fluctuations arising from currencies other than the functional currency which might have a material impact on the Company's financial assets and liabilities which are denominated in these currencies. All of the Company's financial assets and liabilities are denominated in USD. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2021	2020
	USD	USD
Other receivables	**353,091**	880,709
Cash and cash equivalents	**4,850**	8,819
	357,941	889,528

Expected credit loss assessment

Cash and cash equivalents

The Company's policy is to maintain its cash balance with a reputed banking institution and to monitor the placement of cash balances on an ongoing basis. Due to the low credit risk of the counterparty, the expected credit loss (ECL) was considered to be immaterial. The carrying amount of financial assets represents the maximum credit exposure.

Impairment assessment

Other receivables

	2021	2020
	USD	USD
Other receivables	**880,709**	1,440,000
Impairment loss	**(527,618)**	(559,291)
Balance as at 31 March	**353,091**	880,709

6. **Financial instruments – Fair values and risk management (continued)**

(b) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year	**One to five years**	**Total**
31 March 2021	**USD**	**USD**	**USD**
Financial liabilities			
Other payables	**8,493**	**-**	**8,493**
Advance from holding company	**572,065**	**-**	**572,065**
	580,558	**-**	**580,558**

	Within one year	One to five years	Total
31 March 2020	USD	USD	USD
Financial liabilities			
Other payables	16,010	-	16,010
Advance from holding company	557,065	-	557,065
	573,075	-	573,075

7. **Revenue**

No revenue was generated during the year under review.

8. **Taxation**

The Company, being the holder of a Category 1 Global Business License issued before 16 October 2017, is subject to income tax in Mauritius at the rate of 15% (2020: 15%). However, it is entitled to a foreign tax credit equivalent to the higher of 80% (2020: 80%) on the Mauritian tax liability and the actual foreign tax suffered during the grand-fathering period.

As from 1 July 2021, the Company will not be allowed to compute its foreign tax credit according to a presumed deemed amount of 80% of the Mauritian tax of the relevant sourced income. However, it will apply a partial exemption, which is computed at 80% of the specified income and will be subject to the Company satisfying the conditions relating to the substance of its transactions. Alternatively, the actual foreign tax suffered can also be applied.

8. **Taxation(continued)**

Deferred tax

A deferred tax asset has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Tax losses can be carried forward up to a maximum of five years. The tax loss for 2021 will expire in 2026 (for 2020 it will expire in 2025). The tax losses are available for offset against future taxable profits in the forthcoming five years as follows:

Recognised in statement of profit or loss and other comprehensive income

	2021	2020
	USD	USD
Current year income tax	**-**	-

Reconciliation of effective taxation

	2021	2020
	USD	USD
Loss before taxation	**(539,070)**	(623,897)
Income tax at 15%	**(80,861)**	(93,585)
Unauthorised deductions	**79,143**	84,643
Non-taxable income	**(750)**	-
Foreign tax credit	**1,974**	7,152
Deferred tax asset not recognised	**493**	1,790
Income tax expenses	**-**	-

9. **Investment in joint venture**

Investment consists of unquoted shares

	2021 USD	2020 USD
Cost:		
At 01 April	**10,000**	5,000
Additions during the year	**-**	5,000
At 31 March	**10,000**	10,000
Share of loss of equity accounted investee		
At 01 April	**(10,000)**	(5,000)
Movement during the year	**-**	(5,000)
At 31 March	**(10,000)**	(10,000)
Carrying amount	**-**	-

Name of company	*Type of shares*	*Number of shares*	*% held*	*Country of incorporation*
Redwood Internet Ventures Limited	Equity	5,000	50	Hong Kong
Digital Internet Technologies Limited	Equity	5,000	50	Hong Kong

Summarised financial information in respect of Redwood Internet Ventures Limited are set out below:

	2021 USD	2020 USD
Total assets	**12,876**	621,137
Total liabilities	**(63,040)**	(1,759,719)
Net liabilities	**(50,164)**	(1,138,582)
Company's share of associate's net liabilities	**(25,082)**	(569,291)
Accumulated losses for the year	**(60,164)**	(1,145,276)
Share of accumulated associate's loss for the year	**(30,082)**	(572,638)

PDS Ventures Limited (previously known as MultiTech Venture Limited)

Notes to and forming part of the financial statements
for the year ended 31 March 2021

10. Other receivables

	2021 USD	2020 USD
(a) Loan receivable		
At 01 April	**880,709**	740,000
Addition during the year	**-**	700,000
Share of loss during the year	**-**	(559,291)
Impairment of loan during the year	**(527,618)**	-
At 31 March	**353,091**	880,709
Unsecured, interest free loan with no fixed repayment terms		
(b) Prepayments	**727**	727
	353,818	881,436

11. Stated capital

	2021 USD	2020 USD
Issued and fully paid:		
1,000,000 ordinary shares of USD 1 each	**1,000,000**	1,000,000

12. **Other payables**

	2021	2020
	USD	USD
Accrued expenses	**8,493**	16,010
	=======	=========

13. **Advance from holding company**

	2021	2020
	USD	USD
Unsecured, interest free with no fixed term of repayment.	**572,065**	557,065
	=======	=========

14. **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 operating decisions or if they are subject to common control.

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

14. **Related party transactions (continued)**

During the year under review, the Company entered into the following related party transactions.

	Nature of transactions	**2021** **USD**	2020 USD
Related parties:			
Redwood Internet Ventures Limited	Amount advanced	**-**	740,000
Redwood Internet Ventures Limited	Impairment reassigned	**-**	700,000
Redwood Internet Ventures Limited	Reassignment of loan	**-**	(1,440,000)
Digital Internet Technologies Limited	Reassignment of loan	**-**	1,440,000
Digital Internet Technologies Limited	Share of loss		(559,291)
Digital Internet Technologies Limited	Impairment	**(527,618)**	-
Multinational Textiles Group Limited	Amount received	**15,000**	550,000
Balances outstanding at 31 March:			
Digital Internet Technologies Limited	Amount receivable	**353,091**	880,709
Multinational Textiles Group Limited	Amount payable	**572,065**	557,065
		=======	=======

15. **Capital management**

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group Companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the

capital structure in light of changes in economic conditions affecting the Company or the group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

16. **Holding and ultimate holding company**

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

17. **Going concern**

The Company's directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the financial support of its holding company to continue in business for the foreseeable future. The Company has a loss of **USD 539,070** (2020: USD 623,897) and a net current liability position of **USD 221,890** (2020: net current asset position of USD 317,180) at 31 March 2021. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Thus, on the validity of this assumption, the financial statements have been prepared on the going concern basis.

18. **Events subsequent to reporting date**

Following the spread of the coronavirus, the World Health Organisation declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The effects of COVID-19 is continuing to cause significant market volatility.

The economic and broader impacts of COVID-19 may have an effect on the Company's financial statements and operations in the future. The financial statements do not include any adjustments as a result of this event. The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but not limited to, twelve months from date of authorisation of these financial statements. Based on this assessment, no material impact is expected on the Company from COVID-19 and the directors are of the view that sufficient cash flow would be available for the operations of the Company for the foreseeable future.

No other matters of significance occurred up to the date of approval of the annual financial statements which may have affected the financial results at that date.

Company Registration No. 11446095 (England and Wales)

PDS VENTURES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

UHY Hacker Young
Chartered Accountants

PDS VENTURES LIMITED

COMPANY INFORMATION

Directors	Mr D Seth Mr P Seth
Company number	11446095
Registered office	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

PDS VENTURES LIMITED

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PDS VENTURES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities
The principal activity of the company is the provision of management and consultancy services.

Results and dividends
The results for the year are set out on page 7.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr D Seth
Mr P Seth

Auditor
The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

COVID-19 Impact
Since the balance sheet date, the outlook of the UK and Global economy has become increasingly uncertain due to the spread of the COVID-19 virus. The directors have assessed the impact to the company. They do not believe there to be any significant impact to the activities of the company in the short to medium term.

On behalf of the board

Mr P Seth
Director

12 May 2021

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PDS VENTURES LIMITED

Opinion

We have audited the financial statements of PDS Ventures Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PDS VENTURES LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PDS VENTURES LIMITED

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

UHY Hacker Young
Chartered Accountants

UHY Hacker Young LLP
Quadrant House
4 Thomas More Square
London E1W 1YW

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PDS VENTURES LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Vinodkumar Vadgama (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

13 May 2021

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London
E1W 1YW

PDS VENTURES LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Administrative expenses		(155,706)	(228,460)
Other operating income		84,000	168,106
Operating loss	3	(71,706)	(60,354)
Finance costs	5	(15,474)	(19,234)
Loss before taxation		(87,180)	(79,588)
Tax on loss		-	-
Loss and total comprehensive income for the financial year		(87,180)	(79,588)

The income statement has been prepared on the basis that all operations are continuing operations.

PDS VENTURES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Non-current assets					
Intangible assets	6		7,202		8,999
Property, plant and equipment	7		410,866		534,583
			418,068		543,582
Current assets					
Trade and other receivables	8	108,699		42,449	
Cash and cash equivalents		11,802		47,274	
		120,501		89,723	
Current liabilities	9	(548,743)		(455,913)	
Net current liabilities			(428,242)		(366,190)
Total assets less current liabilities			(10,174)		177,392
Non-current liabilities	9		(240,802)		(341,188)
Net liabilities			(250,976)		(163,796)
Equity					
Called up share capital	13		50,000		50,000
Retained earnings			(300,976)		(213,796)
Total equity			(250,976)		(163,796)

The financial statements were approved by the board of directors and authorised for issue on 12 May 2021 and are signed on its behalf by:

Mr P Seth
Director

Company Registration No. 11446095

PDS VENTURES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Retained earnings	Total
	£	£	£
Balance at 1 April 2019, as previously reported	50,000	(128,184)	(78,184)
Impact of adoption of IFRS 16	-	(6,024)	(6,024)
Adjusted balances at 1 April 2019	50,000	(134,208)	(84,208)
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(79,588)	(79,588)
Balances at 31 March 2020	50,000	(213,796)	(163,796)
Year ended 31 March 2021:			
Loss and total comprehensive income for the year	-	(87,180)	(87,180)
Balances at 31 March 2021	50,000	(300,976)	(250,976)

PDS VENTURES LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	17		3,433		(86,392)
Net cash inflow/(outflow) from operating activities			3,433		(86,392)
Investing activities					
Purchase of intangible assets		(2,905)		(8,443)	
Purchase of property, plant and equipment		-		(83,491)	
Net cash used in investing activities			(2,905)		(91,934)
Financing activities					
Proceeds of new loans		20,000		280,000	
Payment of lease liabilities		(56,000)		(58,376)	
Net cash (used in)/generated from financing activities			(36,000)		221,624
Net (decrease)/increase in cash and cash equivalents			(35,472)		43,298
Cash and cash equivalents at beginning of year			47,274		10,000
Effect of adoption of IFRS 16 on reserves			-		(6,024)
Cash and cash equivalents at end of year			11,802		47,274

1 Accounting policies

Company information

PDS Ventures Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Multinational Fashions Limited. The group accounts of PDS Multinational Fashions Limited are available to the public and can be obtained as set out in note 16.

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

1 Accounting policies **(Continued)**

1.3 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Software - 3 years straight line
- Patents & licenses - 3 years straight line

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Leasehold improvements	5 years striaght line
Fixtures and fittings	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1 Accounting policies **(Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets held at amortised cost

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

1.11 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

1 Accounting policies **(Continued)**

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and 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 the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Valuations of lease liability & right-of-use asset

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

3 Operating loss

	2021	2020
	£	£
Operating loss for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	3,500	9,500
Depreciation of property, plant and equipment	123,717	123,566
Amortisation of intangible assets (included within administrative expenses)	4,703	3,358

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
	2	2

5 Finance costs

	2021	2020
	£	£
Interest on other financial liabilities:		
Interest on lease liabilities	15,474	19,234

6 Intangible fixed assets

	Software	Patents & licences	Total
	£	£	£
Cost			
At 31 March 2020	12,655	-	12,655
Additions - purchased	-	2,905	2,905
At 31 March 2021	12,655	2,905	15,560
Amortisation and impairment			
At 31 March 2020	3,656	-	3,656
Charge for the year	4,219	484	4,703
At 31 March 2021	7,874	484	8,358
Carrying amount			
At 31 March 2021	4,781	2,421	7,202
At 31 March 2020	8,999	-	8,999

7 Property, plant and equipment

	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 31 March 2020	520,207	155,254	30,624	706,085
At 31 March 2021	520,207	155,254	30,624	706,085
Accumulated depreciation and impairment				
At 31 March 2020	130,052	34,105	7,345	171,502
Charge for the year	86,701	30,891	6,125	123,717
At 31 March 2021	216,753	64,996	13,470	295,219

7 Property, plant and equipment (Continued)

	Leasehold land and buildings	Leasehold improvements	Fixtures and fittings	Total
	£	£	£	£
Carrying amount				
At 31 March 2021	303,454	90,258	17,154	410,866
At 31 March 2020	390,155	121,149	23,279	534,583

Property, plant and equipment includes right-of-use assets, as follows:

Right-of-use assets	2021	2020
	£	£
Net values		
Property	303,454	390,155
Additions	-	520,207
Depreciation charge for the year		
Property	86,701	86,701

8 Trade and other receivables

	2021	2020
	£	£
VAT recoverable	14,351	27,388
Amounts owed by fellow group undertakings	24,400	8,400
Prepayments and accrued income	69,948	6,661
	108,699	42,449

9 Liabilities

		Current		Non-current	
		2021	2020	2021	2020
	Notes	£	£	£	£
Borrowings	10	300,000	280,000	-	-
Trade and other payables	11	148,356	79,387	-	-
Lease liabilities	12	100,387	96,526	240,802	341,188
		548,743	455,913	240,802	341,188

10 Borrowings

	2021	2020
	£	£
Borrowings held at amortised cost:		
Bank loans	300,000	280,000

During the accounting period the company received of £20,000 from Multinational Textiles Group Limited. The loan is interest free and repayable on demand.

11 Trade and other payables

	2021	2020
	£	£
Trade payables	118,751	46,670
Amount owed to parent undertaking	24,605	27,717
Accruals and deferred income	5,000	5,000
	148,356	79,387

12 Lease liabilities

	2021	2020
Maturity analysis	£	£
Within one year	112,000	112,000
In two to five years	252,000	364,000
Total undiscounted liabilities	364,000	476,000
Future finance charges and other adjustments	(22,811)	(38,286)
Lease liabilities in the financial statements	341,189	437,714

12 Lease liabilities (Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021	2020
	£	£
Current liabilities	100,387	96,526
Non-current liabilities	240,802	341,188
	341,189	437,714

	2021	2020
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	15,474	19,234

Other leasing information is included in note 14.

13 Share capital

	2021	2020
Ordinary share capital	£	£
Issued and fully paid		
Ordinary shares of £1 each	50,000	50,000

14 Operating lease commitments

Lessee

Due to this being the second year of IFRS 16 transition, please refer to the lease liability note.

The amounts included in the 2021 column below relate to the service charge expenses.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2021	2020
	£	£
Minimum lease payments under operating leases	26,432	-

15 Related party transactions

15 Related party transactions (Continued)

During the year to 31 March 2021, the company received £42,000 (2020: £84,000) rental income from Poeticgem Limited. At 31 March 2021 the company owed Poeticgem Limited, £24,605 (2020: £27,717).

During the year to 31 March 2021, the company received £42,000 (2020: £84,000) rental income from Design Arc UK Limited. At 31 March 2021, the company was owed £16,700 (2020: £8,400) from Design Arc UK Limited.

At 31 March 2021, the company was owed £700 (2020: £nil) by Kleider Sourcing FZCO Limited.

At 31 March 2021, the company was owed £1,400 (2020: £nil) by Norlanka Limited.

At 31 March 2021, the company was owed £700 (2020: £nil) by PDS Asia Star Corporation Limited.

At 31 March 2021, the company was owed £2,100 (2020: £nil) Simple Approach HK Limited.

At 31 March 2021, the company was owed £700 (2020: £nil) by Spring Near East Limited.

At 31 March 2021, the company was owed £700 (2020: £nil) by Techno Design HK Limited.

At 31 March 2021, the company was owed £1,400 (2020: £nil) by Zamira FashionLimited.

In addition to the above, the company also received a loan from from Multinational Textiles Group Limited. Details are in note 10.

Poeticgem Limited is a wholly owned subsidiary of Global Textiles Group Limited, a fellow group subsidiary.

Global Textiles Group Limited owns 85% of the share capital of Design Arc UK Limited.

Global Textiles Group Limited and PDS Ventures Limited are wholly owned subsidiaries of Multinational Textiles Group Limited.

16 Controlling party

The immediate parent company is Multinational Textile Group Limited, a company registered in Mauritius. The ultimate parent company is PDS Multinational Fashions Limited, a company registered in India.

PDS Multinational Fashions Limited prepares group financial statements and copies can be obtained at # 758 and 759, 2nd Floor, 19th Main Road, Sector-2, HSR Layout, Bangalore 560102.

PDS Multinational Fashions Limited is listed on the Bombay Stock Exchange and National Stock Exchange in India.

17 Cash generated from/(absorbed by) operations

	2021	2020
	£	£
Loss for the year after tax	(87,180)	(79,588)
Adjustments for:		
Finance costs	15,474	19,234
Amortisation and impairment of intangible assets	4,703	3,358
Depreciation and impairment of property, plant and equipment	123,717	123,566
Movements in working capital:		
Increase in trade and other receivables	(66,250)	(9,316)
Increase/(decrease) in trade and other payables	12,969	(143,646)
Cash generated from/(absorbed by) operations	3,433	(86,392)

PDS VENTURES LIMITED

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

PDS VENTURES LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	2021		2020	
	£	£	£	£
Other operating income				
Income from subleasing right-of-use assets other than rental income		84,000		168,106
Administrative expenses		(155,706)		(228,460)
Operating loss		(71,706)		(60,354)
Finance costs				
Finance lease interest payable		(15,474)		(19,234)
Loss before taxation		(87,180)		(79,588)

PDS VENTURES LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Administrative expenses		
Rent re operating leases	(61,600)	-
Service charge payable	26,432	32,243
Rates	50,544	49,781
Power, light and heat	1,305	2,470
Property repairs and maintenance	1,970	1,998
Premises insurance	966	1,460
Postage, courier and delivery charges	-	22
Legal and professional fees	4,058	594
Consultancy fees	-	950
Audit fees	3,500	9,500
Bank charges	111	91
Printing and stationery	-	107
Books, periodicals, reference materials	-	2,001
Other office supplies	-	319
Amortisation	4,703	3,358
Depreciation	123,717	123,566
	155,706	228,460

Reports and Financial Statements

Progress Manufacturing Group Limited

For the year ended 31 March 2021

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report for the year ended 31 March 2021

The directors present their annual report and the audited financial statements of Progress Manufacturing Group Limited (the "Company") for the year ended 31 March 2021.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is garment trading. There were no significant changes in the nature of the Company's principal activities during the year.

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2021 and the financial position of the Company at that date are set out in the financial statements on pages 6 to 33.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

There were no movements in the Company's share capital during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Pallak SETH
Deepak Kumar SETH
Ajai SINGH

In accordance with Article 23 of the Company's Articles of Association, the directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Except for the related party transactions as disclosed in note 19 to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies, subsidiary, or fellow subsidiaries was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS

At no time during the year was the Company, its holding companies, subsidiary or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITORS

Louis Lai & Luk CPA Limited resigned as the auditor of the Company and Grant Thornton Hong Kong Limited was appointed by the directors to fill the causal vacancy so arising. A resolution for the reappointment of Grant Thornton Hong Kong Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong, 17 May 2021

Grant Thornton
致同

Independent auditor's report

To the directors of Progress Manufacturing Group Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Progress Manufacturing Group Limited (the "Company") set out on pages 6 to 33, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the directors' report of the Company, but 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 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, 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Grant Thornton HK Ltd

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

17 May 2021

Lam Yau Hing
Practising Certificate No.: P06622

Statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Revenue	5	**114,700,712**	178,671,068
Purchase and related costs		**(115,045,440)**	(172,164,972)
Gross (loss)/profit		**(344,728)**	6,506,096
Other revenue and other income	6	**1,924,959**	43,443
Staff costs		**(337,678)**	(265,276)
Depreciation		**(2,608)**	(1,247)
Other operating expenses		**(16,603,977)**	(18,686,409)
Loss from operation		**(15,364,032)**	(12,403,393)
Finance costs	7	**(903,207)**	(1,734,952)
Loss before income tax	8	**(16,267,239)**	(14,138,345)
Income tax expenses	9	**-**	-
Loss and total comprehensive expenses for the year		**(16,267,239)**	(14,138,345)

The notes on pages 10 to 33 form part of these financial statements.

Statement of financial position as at 31 March 2021

	Notes	2021 HK$	2020 HK$
Non-current assets			
Interest in a subsidiary	11	11,348,542	11,348,542
Plant and equipment	12	6,085	8,693
		11,354,627	11,357,235
Current assets			
Trade and other receivables	13	22,431,149	35,932,540
Amounts due from subsidiary	14	250,476,348	179,250,071
Amounts due from fellow subsidiaries	14	86,785	-
Cash and bank balances		225,292	11,069,914
		273,219,574	226,252,525
Current liabilities			
Accruals and other payable		9,758,874	3,036,435
Amounts due to fellow subsidiaries	14	309,616,559	247,127,019
Amounts due to immediate holding company	14	482,949	-
Secured bank borrowings	15	22,010,599	28,473,847
		341,868,981	278,637,301
Net current liabilities		(68,649,407)	(52,384,776)
Net liabilities		(57,294,780)	(41,027,541)
Equity			
Share capital	16	77,808	77,808
Accumulated losses		(57,372,588)	(41,105,349)
Capital deficiencies		(57,294,780)	(41,027,541)

Deepak Kumar SETH
Director

Pallak SETH
Director

The notes on pages 10 to 33 form part of these financial statements.

Statement of cash flows for the year ended 31 March 2021

	2021 HK$	2020 HK$
Cash flows from operating activities		
Loss before income tax	**(16,267,239)**	(14,138,345)
Adjustments for:		
Interest income	**(21)**	(413)
Interest expenses	**903,207**	1,734,952
Depreciation	**2,608**	1,247
Operating loss before working capital changes	**(15,361,445)**	(12,402,559)
Decrease in trade and other receivable	**13,501,391**	13,180,380
Net payment to subsidiary	**(71,226,277)**	(46,214,361)
Net receipts from fellow subsidiaries	**62,402,755**	78,013,879
Net receipts from/(payment to) immediate holding company	**482,949**	(2,710,762)
Increase in accruals and other payables	**6,722,439**	1,711,101
Cash (used in)/generated from operations	**(3,478,188)**	31,577,678
Interest received	**21**	413
Interest paid	**(903,207)**	(1,734,952)
Net cash (used in)/generated from operating activities	**(4,381,374)**	29,843,139
Cash flows from investing activities		
Investment in subsidiary	**-**	(10,951,200)
Purchases of property, plant and equipment	**-**	(9,940)
Net cash used in investing activities	**-**	(10,961,140)
Cash flows from financing activities		
Net repayment of secured bank borrowings	**(6,463,248)**	(9,866,847)
Net cash used in financing activities	**(6,463,248)**	(9,866,847)
Net (decrease)/increase in cash and cash equivalents	**(10,844,622)**	9,015,152
Cash and cash equivalents at beginning of year	**11,069,914**	2,054,762
Cash and cash equivalents at end of year	**225,292**	11,069,914

The notes on pages 10 to 33 form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Total HK$
At 1 April 2019	77,808	(26,967,004)	(26,889,196)
Loss and total comprehensive expenses for the year	-	(14,138,345)	(14,138,345)
At 31 March 2020	77,808	(41,105,349)	(41,027,541)
Loss and total comprehensive expenses for the year	-	(16,267,239)	(16,267,239)
At 31 March 2021	**77,808**	**(57,372,588)**	**(57,294,780)**

The notes on pages 10 to 33 form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2021

1. GENERAL

Progress Manufacturing Group Limited (the "Company") is a company incorporated in Hong Kong with limited liability. Its registered office and principal place of business are located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon.

The Company's immediate holding company is Multinational Textile Group Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Multinational Fashions Limited, which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL).

The principal activities of the Company is trading of garments and investment holding. Details of the principal activities and other particulars of its subsidiary are set out in note 11 to the financial statements.

The financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 17 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

For the purposes of compliance with section 379 and 380 of the Hong Kong Companies Ordinance, these financial statements have been prepared to present a true and fair view of the financial position and financial performance of the Company only. Consequently, they have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which term collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance that are relevant to the preparation of company level financial statements by an intermediate parent company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Given the above, these financial statements are not prepared for the purposes of compliance with HKFRS 10 "Consolidated Financial Statements", so far as the preparation of consolidated financial statements is concerned. As a consequence, the financial statements do not give all the information required by HKFRS 10 about the economic activities of the group of which the Company is the holding company. Furthermore, as these financial statements are prepared in respect of the Company only, HKFRS 12 "Disclosures of Interests in Other Entities" does not apply to the financial statements.

These company level financial information for the year ended 31 March 2021 presented in HK$ has been prepared solely for the information of, and use by, the directors of the Company and is not intended for any other purpose.

The Company, as a partial owned subsidiary of Multinational Textile Group Limited has prepared consolidated financial statements presented in Hong Kong dollar as the Company's statutory financial statements in compliance with the Hong Kong Companies Ordinance. Consequently, this company level financial information and the comparatives do not constitute the Company's statutory financial statements for either of the years ended 31 March 2021 or 2020. Information relating to the Company's statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

- As the Company is a private company, the Company is not required to deliver its consolidated financial statements to the Hong Kong Registrar of Companies, and will not do so.

- The Company's statuary consolidated financial statements for the year ended 31 March 2020 were audited by Louis Lai & Luk CPA Limited. The auditor's report for the year ended 31 March 2020 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

- The Company's auditor has yet to report on the statutory financial statements for the year ended 31 March 2021.

The Company has incurred a loss of HK$278,092,129 for the year ended 31 March 2021 and, as of that date, the Company had net current liabilities of HK$68,649,407 and a capital deficiency of HK$57,294,780. Notwithstanding these conditions, the going concern basis has been adopted because the shareholder has agreed to provide adequate funds for the Company to meet its liabilities as they fall due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Company's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below. It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.2 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionally of the related equipment is capitalised as part of that equipment.

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionally of the related equipment is capitalised as part of that equipment.

Subsequent costs 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Depreciation of property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer equipment	33%

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Plant and equipment (Continued)

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Financial instruments (Continued)

<u>Subsequent measurement of financial assets</u>

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, cash and bank balances and amount due from subsidiary and fellow subsidiaries fall into this category of financial instruments.

<u>Classification and measurement of financial liabilities</u>

The Company's financial liabilities include accruals and other payables, amounts due to fellow subsidiaries and immediate holding company and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Accruals and other payables and amounts due to fellow subsidiaries and immediate holding company

Accruals and other payables and amounts due to fellow subsidiaries and immediate holding company are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Company has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost

The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Impairment of financial assets (Continued)

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

2.5 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, other short-term highly liquid investments with original maturities of three months or less.

2.6 Impairment of non-financial assets

Plant and equipment and interest in subsidiaries are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

2.8 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Company 's revenue recognition policies are as follows:

<u>Sales of garment</u>

Revenue from the sale of garment is recognised when (or as) the Company transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Company nor subject to significant integration services, control transfers at the point in time the customer takes undisputed delivery of the goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Revenue recognition (Continued)

Interest income

Interest income from bank deposit is accrued on a time proportion basis on the principal outstanding and at the rate applicable

Commission income

Commission income is recognised in the year when services are rendered.

2.9 Borrowing costs

Interest and other borrowing costs incurred in connection with the borrowing of funds are recognised as expenses in the period in which they are incurred.

2.10 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent liability is not recognised but is disclosed in the notes to the financial statements.

2.11 Retirement benefit scheme

The Company's contributions to the mandatory provident fund scheme are charged to the statement of profit or loss as incurred.

The Company's employees who have completed the required number of years of service to the Company are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Company to the end of reporting period.

2.12 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors, The employee benefits are classified as staff costs and charged to the statement of profit or loss and other comprehensive income,

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Company has power, only substantive rights (held by the Company and other parties) are considered.

Investment in subsidiaries is carried at cost less any impairment losses unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.14 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Company has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.15 Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that party:
  - (i) has control or joint control over the Company;
  - (ii) has significant influence over the Company; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) the party is an entity and if any of the following conditions applies:
  - (i) the entity and the Company are members of the same group;
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) the entity and the Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2020

In the current year, the Company has applied for the first time all new and amended HKFRSs issued by the HKICPA, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning from 1 April 2020. The application of these new and amended HKFRSs do not have any material impact on the Company's results and financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Company.

The directors anticipated that all pronouncements will be adopted in the Company's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Company's financial statements. Information on these new pronouncements that are expected to be relevant to the Company's financial statements is provided below.

HKFRS 17	*Insurance Contracts and related amendments*[3]
Amendments to HKFRS 3	*Reference to Conceptual Framework*[5]
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRS Standards 2018-2020*[2]
Accounting Guideline 5 (Revised)	*Merger Accounting for Common Control Combination*[5]

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] Effective date not yet determined

[5] Effective for business combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

[6] Effective for annual periods beginning on or after 1 June 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Company's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes

4.2 Critical accounting judgements

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods and rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE AND OTHER INCOME

	2021 HK$	2020 HK$
Other revenue		
Bank interest income	**21**	413
Commission income	**1,094,232**	-
Recharge income	**636,988**	-
	1,731,241	413
Other income		
Exchange gain	**159,657**	43,030
Scrap sales	**34,061**	-
	193,718	43,030
	1,924,959	43,443

7. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank borrowings	**903,207**	1,724,952
Interest on bank overdraft	**-**	10,000
	903,207	1,734,952

8. LOSS BEFORE INCOME TAX

Loss before income tax is stated after (crediting)/charging:

	2021 HK$	2020 HK$
Auditors' remuneration	**5,570**	77,990
Depreciation	**2,608**	1,247
Exchange gain, net	**(159,657)**	(43,030)
Staff costs (including directors' remuneration)		
- Salaries and allowance	**322,600**	256,645
- MPF contribution	**15,078**	8,631

9. INCOME TAX EXPENSES

No Hong Kong profits tax has been provided in these financial statements as the income of the Company neither arises in nor is derived from Hong Kong. In the opinion of the directors, the Company was not subject to any taxation in any other jurisdictions that the Company operates.

Reconciliation between tax expense and accounting profit at applicable tax rate is as follow:

	2021 HK$	2020 HK$
Loss before income tax	**(16,267,239)**	(14,138,345)
Tax at the applicable tax rate of 16.5%	**(2,684,094)**	(2,332,827)
Tax effect of non-deductible expenses	**21,927,330**	31,820,721
Tax effect of non-taxable revenue	**(19,243,236)**	(29,487,894)
Income tax expense	**-**	-

No deferred tax has been recognised in the financial statements on the grounds that the deductible temporary differences of the Company for the current and previous years are negligible in comparison to the Company's overall financial position.

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021 HK$	2020 HK$
Fee	**-**	-
Other emoluments	**-**	-
	-	-

11. INTEREST IN A SUBSIDIARY

	2021 HK$	2020 HK$
Unlisted shares, at cost	**11,348,542**	11,348,542

Details of interest in a subsidiary as at reporting date are as follows:

Name of subsidiary	**Place of incorporation**	**Percentage of ownership and voting power 2021**	**2020**	**Name of business**
Progress Apparel (Bangladesh) Limited	Bangladesh	**100%**	100%	Garment trading

1,200,000 redeemable preference shares were allotted of Bangladesh Dollar 100 (HK$9.126) each during the year ended 31 March 2020.

12. PLANT AND EQUIPMENT

	Computer equipment HK$
Cost	
At 1 April 2019	-
Addition	9,940
At 31 March 2020, 1 April 2020 and **31 March 2021**	**9,940**
Accumulated depreciation	
At 1 April 2019	-
Charge for the year	1,247
At 31 March 2020 and 1 April 2020	1,247
Charge for the year	2,608
At 31 March 2021	**3,855**
Net carrying amount	
At 31 March 2021	**6,085**
At 31 March 2020	8,693

13. TRADE AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	**21,055,086**	32,617,686
Prepayment and advance to vendors	**1,376,063**	3,314,854
	22,431,149	35,932,540

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

No ECL allowance of trade receivables was recognised during the year (2020: Nil).

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2021 HK$	2020 HK$
Current	**11,995,976**	22,536,914
Past due		
Less than 30 days	**6,230,992**	10,080,772
31 to 90 days	**512,483**	-
Over 90 days	**2,315,635**	-
	21,055,086	32,617,686

14. AMOUNT DUE FROM/TO SUBSIDIARY/ FELLOW SUBSIDIARIES/ IMMEDIATE HOLDING COMPANY

The amounts due are interest free, unsecured and have no fixed repayment terms.

15. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2021	2020
	HK$	HK$
Amount repayable on demand:		
Term loans	**22,010,599**	28,473,847

As at 31 March 2021, the secured bank borrowings bears interest at LIBOR + 2.75% (2020: LIBOR + 2.75%) per annum and secured by the details as set out in note 21 to the financial statements.

16. SHARE CAPITAL

	2021	2020
	HK$	HK$
Issued and fully paid: 10,100 ordinary shares	**77,808**	77,808

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company' s residual assets.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2021 and 2020.

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

18.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities.

	2021 HK$	2020 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**21,055,086**	32,617,686
Amounts due from subsidiary	**250,476,348**	179,250,071
Amounts due from fellow subsidiaries	**86,785**	-
Cash and cash equivalents	**225,292**	11,069,914
	271,843,511	222,937,671
Financial liabilities		
Financial liabilities measured at amortised cost		
Accruals and other payables	**9,758,874**	3,036,435
Amounts due to fellow subsidiaries	**309,616,559**	247,127,019
Amount due to immediate holding company	**482,949**	-
Secured bank borrowings	**22,010,599**	28,473,847
	341,868,981	278,637,301

18.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Company's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 18.1.

The Company manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

18.2 Credit risk (Continued)

The Company applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Company assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

18.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars United States dollars ("USD"), Euro ("EUR"), British Pound ("GBP") and Chinese Yuan ("RMB"), with respect to the Hong Kong dollar. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

18.3 Foreign currency risk (Continued)

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	EUR	US$	GBP	RMB	Total
At 31 March 2021					
Trade and other receivables	**-**	**21,055,086**	**-**	**-**	**21,055,086**
Amounts due from subsidiary	**-**	**250,476,348**	**-**	**-**	**250,476,348**
Amounts due from fellow subsidiaries	**-**	**86,785**	**-**	**-**	**86,785**
Cash and cash equivalents	**6,175**	**65,903**	**83,599**	**5,771**	**161,448**
Amounts due to fellow subsidiaries	**-**	**(309,616,559)**	**-**	**-**	**(309,616,559)**
Amounts due to immediate holding company	**-**	**(482,949)**	**-**	**-**	**(482,949)**
Secured bank borrowings	**-**	**(22,010,599)**	**-**	**-**	**(22,010,599)**
Overall net exposure	**6,175**	**(60,425,985)**	**83,599**	**5,771**	**(60,330,440)**
At 31 March 2020					
Trade and other receivables	-	32,617,686	-	-	32,617,686
Amount due from subsidiary	-	179,250,071	-	-	179,250,071
Cash and cash equivalents	6,175	10,985,833	14,851	5,764	11,012,623
Amounts due to fellow subsidiaries	-	(247,127,019)	-	-	(247,127,019)
Secured bank borrowings	-	(28,473,847)	-	-	(28,473,847)
Overall net exposure	6,175	(52,747,276)	14,851	5,764	(52,720,486)

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes (e.g. ±10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2021		2020	
	Increase HK$	**Decrease HK$**	Increase HK$	Decrease HK$
EUR	**618**	**(618)**	618	(618)
GBP	**8,360**	**(8,360)**	1,485	(1,485)
RMB	**577**	**(577)**	577	(577)
	9,555	**(9,555)**	2,680	(2,680)

The same % depreciation in the Company's functional currency against the respective foreign currencies would have the same magnitude on the Company's profit for the year and equity but of opposite effect.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

18.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Company's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	Total undiscounted amount HK$	Carrying amount HK$
2021			
Accruals and other payables	**9,758,874**	**9,758,874**	**9,758,874**
Amounts due to fellow subsidiaries	**309,616,559**	**309,616,559**	**309,616,559**
Amount due to immediate holding company	**482,949**	**482,949**	**482,949**
Secured bank borrowings	**22,952,788**	**22,952,788**	**22,010,599**
	342,811,170	**342,811,170**	**341,868,981**
2020			
Accruals and other payables	3,036,435	3,036,435	3,036,435
Amounts due to fellow subsidiaries	247,127,019	247,127,019	247,127,019
Secured bank borrowings	31,216,561	31,216,561	28,473,847
	281,380,015	281,380,015	278,637,301

18.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from borrowings bears variable rates as set out in note 15.

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's post-tax loss for the year ended 31 March 2021 would increase/decrease by approximately HK$220,000 (2020: HK$285,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

19. RELATED PARTY TRANSACTIONS

During normal course of business, the Company had the following material transactions with the related parties below.

Name of company	Relationship	Nature of transactions	2021 HK$	2020 HK$
Progress Apparels (Bangladesh) Limited	Subsidiary	- Purchases	**82,566,568**	172,161,864
Twins Asia Limited	Fellow subsidiary	- Purchases	**28,668,258**	-
Green Smart Shirts Limited	Fellow subsidiary	- Purchases	**2,373,863**	-
Green Apparel Industries Limited	Fellow subsidiary	- Commission income	**480,150**	-
Global Textile Group Limited, Mauritius	Fellow subsidiary	- Sample expenses	**2,015,557**	7,209,742
Multinational Textile Group Ltd., Mauritius	Immediate holding company	- Corporate Charges - SAP Expenses	**207,446** **482,949**	482,360 956,076
Norwest Industries Ltd., Hong Kong	Fellow subsidiary	- Consultancy fee - Commission income	**-** **614,082**	30,342 -

In addition, during the year, the Company receives recharging income from and paid recharging expenses to group entities amounted to HK$636,988 (2020: Nil) and HK$280,080 (2020: HK$560,914) respectively.

20. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$
As at 1 April 2019	38,340,694
Cash flows	
Net repayment of bank borrowings	(9,866,847)
Payment of interests	(1,724,952)
Non-cash changes	
Interests incurred	1,724,952
As at 31 March 2020 and 1 April 2020	28,473,847
Cash flows	
Net repayments of bank borrowings	**(6,463,248)**
Payment of interests	**(903,207)**
Non-cash changes	
Interest charges	**903,207**
As at 31 March 2021	**22,010,599**

21. BANKING FACILITIES

General banking facilities granted by various banks were secured by fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee, directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

22. CONTINGENT LIABILITIES

The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2021	2020
	HK$	HK$
Irrevocable letters of credit	-	18,204

At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiaries.

23. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

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Corporate data

Director:		**Appointed on**	**Resigned on**
	Deepak Kumar Seth	13 January 2014	-
	Payel Seth	13 January 2014	-
	Pallak Seth	13 January 2014	-
	Ashok Kumar Chhabra	28 March 2019	-
	Sharmil Shah	01 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
	Krishna Ramguttee (as permanent alternate to Sheik Mohamad Ally Shameem Kureemun)	07 August 2018	-

Registered agent: Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

Auditor: Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker: HSBC Bank (Mauritius) Limited
6th Floor, HSBC Centre
Ebène
Republic of Mauritius

UBS Wealth Management
5 Broadgate
London EC2M 2AN

Razamtazz Limited

Directors' report

The Directors are pleased to present their report together with the audited financial statements of Razamtazz Limited (the "Company") for the year ended 31 March 2021.

Principal activity

The principal activity of the Company is that of trading/ development in real estate, trading of bond and equity investments.

Results and dividend

The results for the year are shown on page 6.

The Directors do not recommend the payment of dividend for the year under review (2020: nil).

Statement of Directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. They are also responsible for the safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors have made an assessment of the Company's ability to continue as a going concern and have considered the impact of COVID-19 effects in preparing the financial statements and have no reason to believe that the business will not be a going concern on the year ahead.

Auditor

The auditor, Lancasters Chartered Accountants, has indicated its willingness to continue in office and its reappointment will be proposed at the next Annual Meeting.

By order of the Board

Director

Date: 19 May 2021

Lancasters
Chartered Accountants

Auditors' report to member of Razamtazz Limited

Opinion

We have audited the financial statements of Razamtazz Limited (the "Company") set out on pages 6 to 36 which comprise the statement of financial position as at 31 March 2021, 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 notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements nor 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 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 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

GGi
INDEPENDENT MEMBER

Auditors' report to member of Razamtazz Limited (continued)

Responsibilities of the Directors for the Financial Statements (continued)

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors 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.

Lancasters
Chartered Accountants

Auditors' report to member of Razamtazz Limited (continued)

Other matter

This report is made solely for the Company's member. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date: 21.05.2021

GGi
INDEPENDENT MEMBER

Razamtazz Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2021

	Notes	**2021 GBP**	2020 GBP
Revenue	7	**223,119**	221,000
Expenses		**(246,619)**	(212,227)
(Loss)/ profit from operating activities		**(23,500)**	8,773
Net finance income/ (costs)	8	**40,837**	(33,639)
Net change in fair value of financial assets at fair value through profit or loss	11	**1,371**	-
Receivable written off		**-**	(1,190)
Profit/ (loss) before taxation		**18,708**	(26,056)
Taxation	9	**-**	-
Profit/ (loss) for the year		**18,708**	(26,056)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**18,708**	(26,056)

The notes on pages 10 to 36 form part of these financial statements

Razamtazz Limited

Statement of financial position
at 31 March 2021

	Note	2021 GBP	2020 GBP
Assets			
Non-currents assets			
Financial asset at fair value through other comprehensive income	10	**9,824**	9,824
Financial asset at fair value through profit or loss	11	**249,386**	-
Investment property	12	**4,491,114**	4,615,114
Loan to holding company	13	**4,818,553**	-
Total non-current assets		**9,568,877**	4,624,938
Current assets			
Other receivables	14	**259,224**	27,515
Cash and cash equivalents		**15,188**	66,776
Total current assets		**274,412**	94,291
Total assets		**9,843,289**	4,719,229
Equity			
Stated capital	15	**1**	1
Retained earnings		**4,198,071**	4,179,363
Total equity		**4,198,072**	4,179,364
Liabilities			
Non-current liabilities			
Loan from financial institution	16	**5,200,000**	-
Current liabilities			
Other payables	17	**445,217**	539,865
Total liabilities		**5,645,217**	539,865
Total equity and liabilities		**9,843,289**	4,719,229

These financial statements have been approved by the Board of Directors on 19 May 2021 and signed on its behalf by:

Director *Director*

The notes on pages 10 to 36 form part of these financial statements

Razamtazz Limited

Statement of changes in equity
for the year ended 31 March 2021

	Stated capital GBP	Retained earnings GBP	Total equity GBP
Balance at 01 April 2019	1	4,205,419	4,205,420
Total comprehensive loss for the year			
Loss for the year	-	(26,056)	(26,056)
Balance at 31 March 2020	1	4,179,363	4,179,364
Total comprehensive income for the year			
Profit for the year	-	**18,708**	**18,708**
Balance at 31 March 2021	**1**	**4,198,071**	**4,198,072**

The notes on pages 10 to 36 form part of these financial statements

Razamtazz Limited

Statement of cash flows
for the year ended 31 March 2021

	2021 GBP	2020 GBP
Cash flows from operating activities		
Profit/ (loss) for the year	**18,708**	(26,056)
Adjustments for:		
Depreciation	**124,000**	129,558
Exchange difference	**(40,837)**	33,539
Net change in fair value of financial assets at fair value through profit or loss	**(1,371)**	-
Dividend income	**(2,119)**	-
Receivable written off	**-**	1,190
	98,381	138,231
Change in other receivables	**(231,709)**	12,849
Change in other payables	**(73,550)**	58,385
Net cash (used in)/ from operating activities	**(206,878)**	209,465
Cash flows from investing activities		
Acquisition of financial asset at fair value through profit or loss	**(248,015)**	-
Loan to holding company	**(4,888,000)**	-
Dividend received	**2,119**	-
Acquisition of investment property	**-**	(37,400)
Net cash used in investing activities	**(5,133,896)**	(37,400)
Cash flows from financing activities		
Loan from financial institution	**5,200,000**	-
Interest paid on behalf of holding company	**(18,281)**	-
Repayment of loan to holding company	**107,467**	-
Repayment to related companies	**-**	(150,000)
Net cash from / (used in) financing activities	**5,289,186**	(150,000)
Movement in cash and cash equivalents	**(51,588)**	22,065
Cash and cash equivalents at beginning of the year	**66,776**	44,711
Cash and cash equivalents at end of the year	**15,188**	66,776

The notes on pages 10 to 36 form part of these financial statements

1. General information

The Company was incorporated as a private limited company on 30 May 2007 and was granted a Category 2 Global Business Licence on 31 May 2007.

The principal activity of the Company is that of trading/ development in real estate, trading of bond and equity investments.

The address of its registered office is c/o Roger Capital Corporate Services Limited, 3rd Floor, Rogers House, No. 5 President John Kennedy Street, Port Louis, Republic of Mauritius.

2. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and comply with Companies Act 2001.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except where stated otherwise.

(c) Functional and presentation currency

The financial statements are presented in Great Britain Pound (GBP) which is the Company's functional currency and presentation currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's 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 estimates are recognised prospectively.

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts,
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.
When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

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

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 April 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to Conceptual Framework in IFRS Standards

The IASB decided to revise the Conceptual Framework because certain important issues were not covered and certain guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- a new chapter on measurement;
- guidance on reporting financial performance;
- improved definitions of an asset and a liability, and guidance supporting these definitions;
- updated recognition criteria for assets and liabilities; and
- clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which outlines the consequential amendments made to affected IFRS standards. This was done to support transition to the revised Conceptual Framework for companies that develop and apply accounting policies using the Conceptual Framework when no IFRS standard or interpretation applies to a particular transaction.

These amendments had no material impact on the financial statements of the Company.

Definition of a Business (Amendments to IFRS 3)

Defining a business is important because the financial reporting requirements for the acquisition of a business are different from the requirements for the purchase of a group of assets that does not constitute a business. The proposed amendments are intended to provide entities with clearer application guidance to help distinguish between a business and a group of assets when applying IFRS 3.

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

New and amended IFRS Standards that are effective for the current year (continued)

Definition of a Business (Amendments to IFRS 3) (continued)

In October 2018 the IASB issued this amendment to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirm that a business must include inputs and a process, and clarified that: (i) the process must be substantive and (ii) the inputs and process must together significantly contribute to creating outputs.
- Narrow the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Add a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

These amendments had no impact on the financial statements of the Company.

Definition of Material (Amendments to IAS 1 and IAS 8)

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework.

The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."
The IASB has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

These amendments had no impact on the financial statements of the Company.

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

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

New and revised Standards and Interpretations in issue but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective.

Description	Effective for annual periods beginning on or after
COVID-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Amendments to IFRS 10 & IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

4. Critical accounting estimates and judgements

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Determination of functional currency

The determination of the functional currency of the Company is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. The directors have considered those factors and have determined that the functional currency of the Company is the British Pound Sterling (GBP).

Going concern

In light of the COVID19, management has made an assessment in respect of the entity's going concern and concluded that there is no issue for which the Company will no longer be going concern. The Company has the resources to continue in business for the foreseeable future and the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

5. Significant accounting policies

(a) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using British Pound sterling ("GBP"), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in GBP, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

5. Significant accounting policies (continued)

(b) **Financial instruments**

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss "FVTPL" and fair value through other comprehensive income "FVOCI", transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTPL or FVOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

5. Significant accounting policies (continued)

(b) Financial instruments (continued)

<u>Classification and subsequent measurement (continued)</u>

Financial assets (continued)

Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

5. Significant accounting policies (continued)

(b) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement:

The measurement at initial recognition did not change on adoption of IFRS 9. Subsequent to the initial recognition, loan to holding company other receivables and cash and cash equivalents were carried at amortised cost using the effective interest method.

Derecognition:

Financial assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all risks and rewards of ownership.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

The Company classifies non-derivative financial assets comprising of loan to holding company, other receivables and cash and cash equivalents into financial assets at amortised cost.

Financial liabilities at amortised cost

The Company classifies non-derivative financial liabilities comprising of loan from financial institution and other payables as financial liabilities at amortised cost using the effective interest method.

5. Significant accounting policies (continued)

(b) Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

Financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment

Non-derivative financial assets

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

5. Significant accounting policies (continued)

(b) **Financial instruments (continued)**

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Non-derivative financial assets

Financial assets not classified as loans and receivables, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

(c) **Investment properties**

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. The Directors have elected to recognise the investment property using the cost model. Such properties are measured initially at costs, including transaction costs and any direct attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment.

Any gain or loss on disposal recognised in the statement profit or loss and other comprehensive income in the year the investment property is derecognised is the difference between the net sales proceeds and the carrying amount of the property.

5. Significant accounting policies (continued)

(d) **Depreciation**

Depreciation is recognised in statement profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each part of an item of investment property. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	2% straight line basis
Fixtures, fittings and equipment	25% straight line basis

The carrying values of property, plant and equipment are reviewed for impairment when events or changes indicate the carrying value may not be recoverable. If any such indication exists and carrying values exceed recoverable amounts such assets are written down to their recoverable amounts.

(e) ***Provisions***

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are recognised by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(f) **Cash and cash equivalents**

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) **Revenue recognition**

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a service to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from rendering of services was recognised by the Company in accordance with the substance of the relevant agreements.

Revenue from rental fee income recognised in the profit or loss arises from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

5. Significant accounting policies (continued)

(h) **Stated Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) **Finance income and costs**

The Company's finance income and costs include:

- Interest paid on loan
- Foreign exchange differences

Interest income and expense are recognised using the effective interest method.

(j) **Expense recognition**

Expenses are accounted for on an accrual basis.

(k) **Related parties**

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control of common significant influence.

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

6. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair values

31 March 2021	**Financial assets at amortised Cost GBP**	**Financial assets at FVTPL**	**Financial assets at FVOCI GBP**	**Financial liabilities at amortised Cost GBP**	**Total GBP**	**Level 1 GBP**	**Level 2 GBP**	**Level 3 GBP**
Financial assets measured at fair value								
Financial asset at fair value through profit or loss	-	249,386	-	-	249,386	249,386	-	-
Financial asset at fair value through other comprehensive income	-	-	9,824	-	9,824	-	-	9,824
		249,386	9,824	-	259,210	249,386	-	9,824
Financial assets not measured at fair value								
Loan to holding company	4,818,553	-	-	-	4,818,553	-	-	-
Other receivables	250,219	-	-	-	250,219	-	-	-
Cash and cash equivalents	15,188	-	-	-	15,188	-	-	-
	5,083,960	-	-	-	5,083,960	-	-	-
Financial liabilities not measured at fair value								
Loan from financial institution	-	-	-	5,200,000	5,200,000	-	-	-
Other payables	-	-	-	445,217	445,217	-	-	-
	-	-	-	5,645,217	5,645,217	-	-	-

6. Financial instruments – Fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

31 March 2020	Financial assets at amortised Cost GBP	Financial assets at FVOCI GBP	Financial liabilities at amortised Cost GBP	Total GBP	Level 1 GBP	Level 2 GBP	Level 3 GBP
Financial assets measured at fair value							
Financial asset at fair value through Other comprehensive income	-	9,824	-	9,824	-	-	9,824
Financial assets not measured at fair value							
Other receivables	18,417	-	-	18,417	-	-	-
Cash and cash equivalents	66,776	-	-	66,776	-	-	-
	85,193	-	-	85,193	-	-	-
Financial liabilities not measured at fair value							
Other payables	-	-	539,865	539,865	-	-	-
	-	-	539,865	539,865	-	-	-

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include financial asset at fair value through other comprehensive income, financial asset at fair value through profit or loss, loan to holding company, other receivables, cash and cash equivalents, loan from financial institution and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

- *Currency risk*

The Company has financial instruments denominated in United States Dollar (USD). Consequently, the Company is exposed to the risk that the exchange rate of the GBP relative to USD may change in a manner, which has an effect on the reported values of the Company's financial assets which are denominated in GBP.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Market risk (continued)

- *Currency risk (continued)*

The exposures to currency risk at the reporting date are as follows:

	Financial assets 2021 GBP	**Financial liabilities 2021 GBP**	Financial assets 2020 GBP	Financial liabilities 2020 GBP
GBP	**5,343,170**	**5,341,571**	95,017	24,623
HKD	**-**	**-**	-	177,417
USD	**-**	**303,646**	-	337,825
	5,434,170	**5,645,217**	95,017	539,865

Sensitivity analysis – Currency risk

At 31 March, if the exchange rate has strengthened by 5% against the following currencies the result would be as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

Currency	**Increase/(decrease) in foreign exchange rates 2021**	**Effect on profit after tax and equity 2021 GBP**	Increase/(decrease) in foreign exchange rates 2020	Effect on profit after tax and equity 2020 GBP
HKD	**-5%**	**-**	-5%	8,871
HKD	**+5%**	**-**	+5%	(8,871)
USD	**-5%**	**15,182**	-5%	16,891
USD	**+5%**	**(15,182)**	+5%	(16,891)

- *Interest rate risk*

The Company is not exposed to interest rate risk because they borrow and lend funds at fixed interest rate. The income and operating cash flows are substantially independent of changes in market interest rates.

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Credit risk

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Impairment

Impairment under IFRS 9 will apply to cash and cash equivalents being measured at amortised cost. These are short term (that is not longer than 12 months) and held with a reputable bank institution. Due to the low credit risk of the counterparty, the expected credit loss (ECL) was considered to be immaterial.

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement. From past experience, there is no evidence of an increase in credit risk since origination of the financial asset, including no history or current default on the loan to holding company and other receivables. As such, no provision has been made for expected credit loss as it is immaterial.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2021	2020
	GBP	GBP
Financial asset at fair value through profit or loss	**249,386**	-
Financial asset at fair value through other comprehensive income	**9,824**	9,824
Loan to holding company	**4,818,553**	-
Other receivables	**250,219**	18,417
Cash and cash equivalents	**15,188**	66,776
	5,434,170	95,017

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

6. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

31 March 2021	**Within one year GBP**	**One to five years GBP**	**Total GBP**
Financial liabilities			
Loan from financial institution	**-**	**5,200,000**	**5,200,000**
Other payables	**445,217**	**-**	**445,217**
Total financial liabilities	**429,647**	**5,200,000**	**5,645,217**

31 March 2020	Within one year GBP	One to five years GBP	Total GBP
Financial liabilities			
Other payables	539,865	-	539,865
Total financial liabilities	539,865	-	539,865

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

7. Revenue

	2021	2020
	GBP	GBP
Rental fee income	**221,000**	221,000
Dividend income	**2,119**	-
	223,119	221,000

8. Net finance income / (costs)

	2021	2020
	GBP	GBP
Finance income		
Foreign exchange gain	**43,042**	40,963
	43,042	40,963
Finance costs		
Foreign exchange loss	**(2,205)**	(74,602)
	(2,205)	(74,602)
Net finance income/ (costs)	**40,837**	(33,639)

9. Taxation

The Company holds a Category 2 Global Business Licence and is exempt from Income Tax under the Mauritian laws.

10. Financial asset at fair value through other comprehensive income

	2020	2020
	GBP	GBP
Cost:		
At 01 April	**9,824**	-
Transfer from available-for-sale investments during the year	**-**	9,824
Additions / Disposals	**-**	-
At 31 March	**9,824**	9,824
Unrealised appreciation		
At 01 April	**-**	-
Net movement in unrealised gain	**-**	-
At 31 March	**-**	-
Fair value at 31 March	**9,824**	9,824

The Company holds 9,824 ordinary shares in Down Street Freehold Company Ltd (unquoted investment).

Management has made an assessment and concluded that the investment should be fair valued to Nil at year end. However, the revaluation loss has not been recognized in these financial statements since it is deemed to be immaterial.

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

11. **Financial assets at fair value through profit or loss**

	2021	2020
	GBP	GBP
Cost		
At 01 April	**-**	-
Additions during the year	**248,015**	-
Balance as at 31 March	**248,015**	-

	2021	2020
	GBP	GBP
Unrealised gain on fair value of investments		
At 01 April	**-**	-
Movement during the year	**1,371**	-
Balance as at 31 March	**1,371**	-
Valuation at 31 March	**249,386**	-

Financial assets at fair value through profit or loss consist of 37,700 equity shares in ISHARES PLC FTSE 100 UCITS ETF (DIST) in the UK.

Razamtazz Limited

Notes to the financial statements
for the year ended 31 March 2021

12 Investment property

	Building GBP	Furniture and fittings GBP	Total GBP
Cost			
At 01 April 2020	5,894,636	662,350	6,556,986
Addition during the year	-	-	-
At 31 March 2021	5,894,636	662,350	6,556,986
Depreciation			
At 01 April 2020	1,288,146	653,726	1,941,872
Charge for the year	117,892	6,108	124,000
At 31 March 2021	1,406,038	659,834	2,065,872
Net book value			
Balance at 31 March 2021	**4,488,598**	**2,516**	**4,491,114**
Balance at 31 March 2020	4,606,490	8,624	4,615,114

The valuation of the investment property was carried out by Knight Frank of 55 Baker Street London W1U 8AN in July 2020 for a value around GBP 8,000,000.

An assessment has been made on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of property. Thereafter, the valuer has applied these to the property, taking into account size, location, aspect and other material factors such as market value and market rent.

The Company has entered into an arrangement with UBS AG. As a result, the bank has placed a legal charge over the property of the Company.

Impact of Covid 19 on the investment property

The management has made an assessment on the investment property of the potential impact which could have been caused due to the ongoing Covid 19 pandemic and concluded that there is no significant impact. The only revenue stream of the investment property is from rental income and the debtor has not defaulted in effecting payments and is also committed to settle the outstanding balance receivable in the near future. Thus, there is no need for impairment.

13. Loan to holding company

	2021	2020
	GBP	GBP
Balance at beginning of the year	**-**	-
Addition during the year	**4,888,000**	-
Interest receivable	**38,020**	-
Repayment during the year	**(107,467)**	-
	4,818,553	-

14. Other receivables

	2021	2020
	GBP	GBP
Rent receivable	**110,500**	18,417
Prepaid expenses	**9,005**	9,098
Deposit with bank	**139,719**	-
	259,224	27,515

Management has made an assessment on the rent receivable and the ECL is deemed to be immaterial.

15. Stated capital

	2021	2020
	GBP	GBP
Stated capital		
1 Ordinary share of GBP 1 each	**1**	1

The share in issue is fully paid up.

The holder of ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company

16 Loan from financial institution

	2021	2020
	USD	USD
Cost		
At 01 April	**-**	-
Addition during the year	**5,200,000**	-
At 31 March	**5,200,000**	-

The Company has entered into a loan arrangement with UBS AG and has mortgaged the investment property on the following terms:

- The duration of the mortgage is 5 years and will continue until 09 October 2025;
- The mortgage is currently held on a margin of 1.5% over the variable overnight Libor; and
- Interest payments are due quarterly on the last business date of each quarter.

17. Other payables

	2021	2020
	GBP	GBP
Payable to related companies	**403,646**	515,242
Deposit on rent	**17,000**	17,000
Other payables	**4,832**	7,623
Interest payable to bank	**19,739**	-
	445,217	539,865

Payable to related companies are interest free and repayable on demand.

18. Related party transactions (continued)

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 operating decisions or if they are subject to common control.

A director of the Company is deemed to have beneficial interests in the service agreement between the Company, the administrator and Registered Agent.

During the year under review, the Company entered into the following related party transactions.

		2021 GBP	2020 GBP
Transactions during the year	*Nature*		
Deepak Seth	Rent receivable	**221,000**	221,000
Deepak Seth	Rent received	**(128,917)**	(239,417)
Norwest Industries Limited	Loan granted	**4,888,000**	-
Norwest Industries Limited	Loan repaid	**(107,467)**	-
Norwest Industries Limited	Interest receivable	**38,020**	-
Norwest Industries Limited	Advance received	**(10,582)**	56,681
Norwest Industries Limited	Movement due to foreign exchange differences	**6,790**	13,666
Norwest Industries Limited	Loan repaid	**81,208**	-
Multinational Textile Group Limited	Advance repaid	**-**	(150,000)
Multinational Textile Group Limited	Movement due to foreign exchange differences	**(34,179)**	19,873
Star Trust	Amount written off	**-**	(1,190)
Rogers Capital Corporate Services Limited	Professional fees payable	**10,118**	6,499
Rogers Capital Corporate Services Limited	Professional fees paid	**(10,118)**	(6,499)

		2021 GBP	2020 GBP
Balances outstanding at 31 March:			
Deepak Seth	Rent receivable	**110,500**	18,417
Deepak Seth	Deposit on rent payable	**(17,000)**	(17,000)
Norwest Industries Limited	Balance receivable	**4,818,553**	-
Norwest Industries Limited	Balance payable	**(100,000)**	(177,416)
Multinational Textile Group Limited	Balance payable	**(303,646)**	(337,525)
Frou Holdings Limited	Balance payable	**(2,257)**	(2,257)

Compensation to key management personnel

The Company did not pay any compensation to its key management personnel during the year under review (2020: nil).

19. Capital management

The Company actively and regularly reviews and manages its capital position to maintain a balance between its liability and equity level.

The management of the Company's capital position is undertaken by the management team of the Company. The management team ensures that the Company is adequately capitalised to meet economic and regulatory requirements. Capital injections and repatriations are executed in a timely fashion, working closely with the business and infrastructure groups. The management team meets on a regular basis and manages capital by taking into account key considerations which may include business developments, regulatory requirements, profitability and market movements such as foreign exchange and interest rate.

20. Contingencies

On 09 October 2020, the Company has entered into a Deed of charge with UBS AG, London Branch. The Board has approved to seek a mortgage facility from UBS AG amounting to GBP 5,200,000 in a meeting held on the same date. The term of the mortgage is over five years and will continue until 09 October 2025. The UBS Mortgage is offered on an interest only basis.

21. Holding and ultimate holding company

The immediate parent company of Razamtazz Limited is Norwest Industries Limited, a company registered in Hong Kong effective as from 24th March 2015 on its filing with the Registrar of Companies and the ultimate parent company is PDS Multinational Fashions Limited, a company registered in India, which is listed on the National and Bombay Stock Exchange of India.

22. Events after the reporting date

Following the spread of the coronavirus, the World Health Organisation declared the COVID-19 outbreak to be a pandemic on 11 March 2020. The effects of COVID-19 is continuing to cause significant market volatility.

The economic and broader impacts of COVID-19 may have an effect on the Company's financial statements and operations in the future. The financial statements do not include any adjustments as a result of this event. The directors have made an assessment of the Company's ability to continue as a going concern taking into account all available information about the future including the analysis of the possible impacts in relation to COVID-19, which is at least, but not limited to, twelve months from date of authorisation of these financial statements. Based on this assessment, no material impact is expected on the Company from COVID-19 and the directors are of the view that sufficient cash flow would be available for the operations of the Company for the foreseeable future.

No other matters of significance occurred up to the date of approval of the annual financial statements which may have affected the financial results at that date.

Razamtazz Limited

Statement of profit or loss
for the year ended 31 March 2021

	Note	**2021 GBP**	2020 GBP
Revenue	7		
Rental income		**221,000**	221,000
Dividend income		**2,119**	-
		223,119	221,000
Expenses			
Depreciation		**124,000**	129,558
Tax fees (HMRC)		**76,955**	57,900
Service charges		**21,591**	16,427
Professional fees		**17,989**	113
Accounting and audit fees		**3,402**	5,636
Administration fee		**1,266**	3,888
Bank charges		**1,178**	1,209
Repairs and maintenance		**-**	390
License fees		**238**	232
Management fees		**-**	(3,126)
		246,619	212,227
(Loss)/ profit from operating activities		**(23,500)**	8,773
Net finance income/ (costs)	8	**40,837**	(33,639)
Net change in fair value of financial assets at fair value through profit or loss		**1,371**	-
Receivable written off		**-**	(1,190)
Profit/ (loss) before taxation		**18,708**	(26,056)

Report of the Directors and Audited Financial Statements

RISING ASIA STAR HONGKONG CO., LIMITED

31 March 2021

EY 安永

Building a better working world

RISING ASIA STAR HONGKONG CO., LIMITED

CONTENTS

RISING ASIA STAR HONGKONG CO., LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The Company was inactive during the year ended 31 March 2021.

Results
The Company's loss for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 19.

Directors
The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Payel Seth

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Deepak Kumar Seth
Chairman

Hong Kong
27 May 2021

EY 安永

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979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Rising Asia Star Hongkong Co., Limited (the "Company") set out on pages 5 to 19, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY安永

Independent auditor's report (continued)
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Rising Asia Star Hongkong Co., Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Other income and gains	5	123,734	53,733
Administrative expenses		(82,468)	(32,611)
PROFIT BEFORE TAX	6	41,266	21,122
Income tax expense	8	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		41,266	21,122

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
CURRENT ASSETS			
Due from a fellow subsidiary	10(b)	286,854	230,251
Cash and cash equivalents		384,274	399,261
Total current assets		671,128	629,512
CURRENT LIABILITIES			
Accruals		15,000	15,000
Due to the immediate holding company	10(b)	12,294,448	4,529,387
Due to an intermediate holding company	10(b)	3,407,640	3,407,640
Due to a fellow subsidiary	10(b)	-	7,764,711
Total current liabilities		15,717,088	15,716,738
Net liabilities		(15,045,960)	(15,087,226)
EQUITY			
Share capital	9	77,800	77,800
Accumulated losses		(15,123,760)	(15,165,026)
Net deficiency in assets		(15,045,960)	(15,087,226)

....

Pallak Seth
Director

....

Deepak Kumar Seth
Director

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	77,800	(15,186,148)	(15,108,348)
Profit and total comprehensive income for the year	-	21,122	21,122
At 31 March 2020 and 1 April 2020	77,800	(15,165,026)	(15,087,226)
Profit and total comprehensive income for the year	-	41,266	41,266
At 31 March 2021	77,800	(15,123,760)	(15,045,960)

RISING ASIA STAR HONGKONG CO., LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Note	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		41,266	21,122
Adjustment for bank interest income	5	(19)	(292)
		41,247	20,830
Changes in balances with fellow subsidiaries		(7,821,314)	(138,589)
Decrease in accruals		-	(3,960)
Increase in an amount due to the immediate holding company		7,765,061	-
Cash used in operations		(15,006)	(121,719)
Interest received		19	292
NET CASH FLOWS USED IN OPERATING ACTIVITIES AND NET DECREASEIN CASH AND CASH EQUIVALENTS		(14,987)	(121,427)
Cash and cash equivalents at beginning of year		399,261	520,688
CASH AND CASH EQUIVALENTS AT END OF YEAR		384,274	399,261
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		384,274	399,261

RISING ASIA STAR HONGKONG CO., LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2021

1. CORPORATE INFORMATION

Rising Asia Star Hongkong Co., Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company was inactive during the year ended 31 March 2021.

The Company is a wholly-owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as the Company's intermediate holding company has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due and not to demand repayment of the amount due thereto until such time as the Company is in a position to repay the amount without prejudicing its ability to continue as a going concern.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
 (i) has control or joint control over the Company;
 (ii) has significant influence over the Company; or
 (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)
Initial recognition and measurement (continued)
All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The Company measures foreign currency transactions in its functional currency. The functional currency of the Company is determined based on management's assessment of the primary economic environment in which the Company operates. When the indicators are mixed and the functional currency is not obvious, management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2021 HK$	2020 HK$
Bank interest income	19	292
Foreign exchange gain, net	123,715	53,441
	123,734	53,733

6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	2021 HK$	2020 HK$
Auditor's remuneration	15,000	13,100
Foreign exchange difference, net	(123,715)	(53,441)

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax charge applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2020: 16.5%) to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit before tax	41,266	21,122
Tax expense at the statutory tax rate	6,809	3,485
Income not subject to tax	(20,416)	(8,866)
Expenses not deductible for tax	13,607	5,381
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the period and as at the end of the reporting period (2020: Nil).

9. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
10,000 (2020: 10,000) ordinary shares	77,800	77,800

10. RELATED PARTY TRANSACTIONS

(a) As disclosed elsewhere in these financial statements, the Company had no other significant related party transactions during the years ended 31 March 2021 and 31 March 2020.

(b) The balances with the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

10. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

11. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise an amount due from a fellow subsidiary and cash and cash equivalents which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise accruals, and amounts due to the immediate holding company, an intermediate holding company and a fellow subsidiary, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

12. FAIR VALUE

At the end of the reporting period, the carrying amounts of the Company's financial assets and financial liabilities approximated to their fair values largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise an amount due from a fellow subsidiary and cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

An amount due from a fellow subsidiary and cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs. The credit quality of an amount due from a fellow subsidiary is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments are either repayable on demand or repayable within three months subsequent to the end of the reporting period.

Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Auditor's Report and Audited Financial Statements

of

Techno Sourcing BD Limited

as at and for the year ended 31 March 2021

Snehasish Mahmud & Co.

Snehasish Mahmud & Co.
Chartered Accountants
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Independent Auditor's Report
to the shareholders of
Techno Sourcing BD Limited

Opinion

We have audited the financial statements of Techno Sourcing BD Limited hereinafter referred to as "the company" which comprise the statement of financial position as at 31 March 2021, statement of 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 company as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Audit for the year ended on 31 March 2020 was conducted by another auditor who issued an unqualified opinion on 25 June 2020.

Independence and Other Ethical Responsibilities

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB by laws.

Going Concern

The financial statements have been prepared using the going concern basis of accounting. Referring to note 2.6 where management stated why the financial statements have been prepared under this assumption. The use of this basis of accounting is appropriate unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements we have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 1994 and other applicable laws and regulations 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and 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 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 a part of audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 of the company. We are responsible for the direction, supervision and performance of the audit . We remain solely responsible for our audit opinion.

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

Snehasish Mahmud & Co.

Snehasish Mahmud & Co.
Chartered Accountants

Report on other Legal and Regulatory Requirements

In accordance with Companies Act 1994, we also report the following:

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.

b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

c) the company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

DVC: 2105251550AS667286

Dated, 25 MAY 2021
Dhaka

Sukanta Bhattacharjee, FCA
Enrollment No-1550
Partner
Snehasish Mahmud & Co.
Chartered Accountants

Techno Sourcing BD Limited
Statement of Financial Position
As at 31 March 2021

In Taka	Notes	31-Mar-21	31-Mar-20
Assets			
Non-current assets			
Property, plant & equipment	4	4,438,254	2,390,287
Right of use assets	5	2,234,640	-
Deferred tax assets	6	1,665,090	1,354,056
Total non-current assets		**8,337,984**	**3,744,343**
Current assets			
Receivables from customer	7	19,965,994	22,531,853
Advances, deposits and prepayments	8	7,991,222	4,663,200
Cash & cash equivalents	9	7,047,118	12,822,238
Total current assets		**35,004,334**	**40,017,291**
Total assets		**43,342,318**	**43,761,635**
Equity			
Share capital	10	9,651,900	9,651,900
Share money deposit	11	21	21
Capital reserve	12	3,306,886	3,306,886
Retained earnings		5,964,894	7,864,542
Total equity attributable to equity holders		**18,923,701**	**20,823,349**
Non current liabilities			
Liability for terminal benefit & earned leave	13	4,411,210	4,075,247
Lease liabilities		679,464	-
Total non-current liabilities		**5,090,674**	**4,075,247**
Current liabilities			
Short term loan	14	-	6,371,250
Liability for expenses	15	10,130,215	10,644,790
Lease liabilities		1,529,722	-
Provision for tax		6,912,086	1,846,998
Liability for terminal benefit & earned leave	13	755,920	-
Total current liabilities		**19,327,943**	**18,863,038**
Total equity and liabilities		**43,342,318**	**43,761,635**

The annexed notes from 1 to 23 form an integral part of these financial statements

Managing Director

Director

As per our report of the same date.

DVC: 2105251550AS667286

Sukanta Bhattacharjee FCA
Enrollment No-1550
Partner
Snehasish Mahmud & Co.
Chartered Accountants

Dated, 25 MAY 2021
Dhaka

Techno Sourcing BD Limited
Statement of Comprehensive Income
For the year ended 31 March 2021

In Taka	Notes	1 April 2020 to 31 March 2021	1 July 2019 to 31 March 2020
Revenue	16	66,614,884	60,587,194
Administrative & marketing expense	17	(60,435,285)	(48,904,326)
Operating income		**6,179,599**	**11,682,868**
Finance expense	18	(174,019)	(69,250)
Foreign exchange gain/(loss)		(863,939)	(89,583)
Other income		25,189	-
Actuarial loss on obligation		(657,952)	-
Net profit before tax		**4,508,878**	**11,524,035**
Income tax expenses	19	(6,719,560)	(4,050,864)
Deferred tax income		311,033	28,355
Net profit/ (loss) after tax		**(1,899,648)**	**7,501,525**
Other comprehensive loss		-	-
Total comprehensive profit/ (loss) for the year		**(1,899,648)**	**7,501,525**

The annexed notes from 1 to 23 form an integral part of these financial statements

Managing Director

Director

As per our report of the same date.

DVC: 2105251550AS667286

Dated, 25 MAY 2021
Dhaka

Sukanta Bhattacharjee FCA
Enrollment No-1550
Partner
Snehasish Mahmud & Co.
Chartered Accountants

Techno Sourcing BD Limited
Statement of Changes in Equity
For the year ended 31 March 2021

In Taka	Share capital	Share money deposit	Capital reserve	Retained earnings	Total equity
Opening balance as at 01 July 2019	9,651,900	21	3,306,886	363,016	13,321,823
Net profit for the year	-	-	-	7,501,525	7,501,525
Closing balance as at 31 March 2020	**9,651,900**	**21**	**3,306,886**	**7,864,542**	**20,823,348**
Net loss for the year	-	-	-	(1,899,648)	(1,899,648)
Closing balance as at 31 March 2021	**9,651,900**	**21**	**3,306,886**	**5,964,894**	**18,923,700**

Managing Director

Director

Dated, 25 MAY 2021
Dhaka

SMAC

Techno Sourcing BD Limited
Statement of Cash Flows
For the year ended 31 March 2021

In Taka	31-Mar-21	31-Mar-20
A Cash flows from operating activities		
Net profit before tax	4,508,878	11,524,035
Adjustments for non cash items:		
Depreciation	1,858,614	267,843
Foreign exchange (gain) /loss	863,939	-
Other income	(25,189)	-
Interest expense	119,599	-
Cash flows from operating activities before working capital changes	**7,325,841**	**11,791,878**
Changes in working capital		
(Increase)/decrease in receivables from customer	1,701,920	(22,515,837)
(increase)/decrease in advances, deposits & prepayments	3,517,054	(3,786,670)
(increase)/decrease in deferred tax	-	(1,354,056)
Increase/(decrease) in liability for expenses	(514,576)	5,367,135
Increase/(decrease) in liability for terminal benefit & earned leav	1,091,883	4,075,247
Income Tax paid	(8,566,558)	(2,370,981)
Net cash generated from/(used in) operating activities	**4,555,564**	**(8,793,284)**
B Cash flows from investment activities		
Acquisition of non-current assets	(2,986,435)	(2,658,130)
Net cash generated from/(used in) investing activities	**(2,986,435)**	**(2,658,130)**
C Cash flows from financing activities		
Repayment of loan	(6,371,250)	-
Proceeds from loans & borrowings	-	6,371,250
Realisation of capital reserve	-	3,306,886
Payment of principal portion of lease liabilities	(853,401)	-
Interest paid on lease liabilities	(119,599)	-
Net cash generated from/(used in) financing activities	**(7,344,250)**	**9,678,136**
Net increase in cash & cash equivalents (A+B+C)	**(5,775,121)**	**(1,773,278)**
Opening cash and bank balances	12,822,238	14,595,515
Closing cash & cash equivalents	**7,047,118**	**12,822,238**

Managing Director

Director

Dated, 25 MAY 2021
Dhaka

Techno Sourcing BD Limited
Notes to the Financial Statements
as at and for the year ended 31 Mar 2021

1.1 Background and legal status

Techno Sourcing BD Limited hereinafter referred to as 'the Company' was formed and incorporated with the Register of Joint Stock Companies and Firms, Bangladesh on 06 February 2019 under the Companies Act 1994 as a private limited company limited by shares vide Registration no: C-149908/2019. The address of the registered office of the company is Modhumoti Plaza Concord (Level 09), Plot#11, Block#G, Banani, Dhaka.

On 22nd October 2019, through acquisition of 51% share of KiK Service Unit Limited by Design Pod Limited with its headquarter in Hong Kong, the name of the company has been changed to Techno Sourcing BD Limited from KiK Service Unit Limited and the changed name of the company was duly registered with the Registrar of Joint Stock Companies.

1.2 Nature of business

The principal activities of the Company are to provide support services to German group companies regarding all aspects of sourcing of textiles, including but not limited to quality assurance services, compliances in supplier manufacturing units.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in following accrual basis of accounting except for statement of cash flows in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Companies Act 1994 and other applicable laws and regulations.

2.2 Other regulatory compliance

The company is required to comply with following major laws and regulations along with Companies Act 1994:

The Income Tax Ordinance, 1984
The Income Tax Rules, 1984
The Value Added Tax and Supplementary Duty Act, 2012
The Value Added Tax and Supplementary Duty Rules, 2016
The Customs Act, 1969

2.3 Basis of measurement

The financial statements have been prepared on historical cost following the accrual basis on accounting.

2.4 Functional and presentational currency

These financial statements are prepared in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer unless otherwise indicated.

2.5 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect 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 recognized in the period in which the estimate is revised and in any future periods affected.

2.6 Going concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Company be unable to continue as a going concern.

In the COVID situation, the company already have sufficient orders from the customer and have the business plan for shipment of order worth $21 Million in the upcoming Financial Year (2021-2022) out of which approximately 3% will be the forecasted revenue.

2.7 Statement of cash flows

Cash Flow Statement is prepared as per International Accounting Standard (IAS-7). Cash flow from operating activities is determined for the period under indirect method.

2.8 Reporting period

The financial statement of the company covers for the period from 01 April 2020 to 31 March 2021.

3 Significant accounting policies

The accounting policies set out below have been applied consistently in these financial statements.

3.1 Property, plant and equipment

i) Recognition and measurement

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Management reviews the expected useful life of property, plant and equipment at each accounting period. Any change in asset's useful life is adjusted prospectively.

ii) Subsequent cost

The cost of replacing part of an item of property, plant and equipment will be recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day to day servicing of the property, plant and equipment are recognized in the statement of profit and loss as incurred.

Depreciation is calculated so as to write off the assets to their residual values by equal instalments over their expected useful economic lives as follows. Depreciation is charged to amortize the cost of basis, over their estimated useful lives, using the straight-line method in accordance with IAS-16.

Class of assets	Rates
Furniture and fixtures	25%
Computer and Equipment	25%
Office Equipment	25%
Leasehold Improvements	33%

3.2 Right of use assets and lease liabilities

IFRS 16 Leases has been adopted by the entity as on 01 September 2020.

The standard requires recognition of a 'right of use' asset, representing the right to use the underlying asset and a liability, representing the obligation to make lease payments, for almost all lease contracts. The impact on the Income Statement is that former lease-operating expenses are replaced by depreciation and interest. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to Taka at the foreign exchange rate prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rate of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in the profit and loss and other comprehensive income as per International Accounting Standard (IAS) 21 The Effects of Changes in Foreign Exchange Rates.

3.4 Financial instruments

(i) Receivables from customer

Receivable from customers are recognized and stated at a percentage of value of shipment of goods after deducting the payment received from customer and carried at anticipated realizable values.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at bank that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value.

3.5 Liability for terminal benefit & earned leave

The Company has provided for terminal benefit expense as per requirement of the Bangladesh Labour Law (amendment) 2013. This is an unfunded terminal benefit scheme & earned leave for its permanent employees, provision in respect of which is made on the basis of Actuarial Valuation. This scheme qualifies as a Defined Benefit Plan as per IAS 19 "Employee Benefits".

3.6 Provisions & contingencies

Provision is recognized on the balance sheet date if, as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

No provision is recognized for-

a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or

b) Any present obligation that arises from past events but is not recognized because-

* It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

* A reliable estimate of the amount of obligation cannot be made.

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

3.7 Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

Current tax

Current tax expense has been estimated on the basis of Finance Act 2020 and the Income Tax Ordinance, 1984.

Deferred tax

Deferred tax is recognized using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognized in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the carrying amounts of assets and liabilities and its tax base amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognised in the current period. the deferred tax asset / income or liability / expense do not create a legal liability / recoverability to and from the income tax authority.

3.8 Revenue recognition

In compliance with the requirements of IFRS - 15, revenue from the service is measured at the fair value of the consideration received or receivable, net of returns. The five step model has been complied in case of revenue recognition.

The five step model consist of :

1. Identification of contract(s) with a customer
2. Identification of performance obligation
3. Determination of transaction price
4. Allocation of transaction price to separate performance obligations

5. Recognition of revenue when entity satisfies performance obligations

3.9 Finance expenses

Finance expenses comprises of bank charges and interest expenses.

3.10 Comparative information

Comparative information is for 9 months only and has been disclosed in respect of the year ended 31 March 2021 in accordance with IAS-1: Presentation of Financial Statements, for all numeric information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current year's financial statements.

3.11 Accounting for changes in accounting estimates

IAS - 8 states that the effect of a change in an accounting estimate is to be applied prospectively by inclusion in the current accounting period and, if relevant, in future accounting period. The carrying amount of assets, liabilities, or equity may be changed following a change in accounting estimates in the period of the change.

3.12 Related party transactions

As per International Accounting Standard (IAS) 24, parties are considered to be related if one of the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company carried out transactions with related parties in the ordinary course of business on an arm's length basis.

3.13 Events after the reporting period

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed as at 31st March, 2021. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period.

3.14 General

i) All financial information presented in Taka have been rounded off to the nearest integer; and

ii) Previous year's figures have been rearranged wherever considered necessary to conform to current year's presentation.

4 **Property, plant & equipment**

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		2,658,130	-
Addition during the year		2,986,435	2,658,130
Disposal during the year		-	-
Closing balance		**5,644,565**	**2,658,130**
Accumulated depreciation			
Opening balance		267,843	-
Charged during the year		938,468	267,843
Disposed during the year		-	-
Closing balance		**1,206,311**	**267,843**
Written down value		**4,438,254**	**2,390,287**

Details are shown in Annexure A (i)

5 **Right of use assets**

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		-	-
Addition during the year		3,154,787	-
Disposal during the year		-	-
Closing balance		**3,154,787**	**-**
Accumulated amortization			
Opening balance		-	-
Amortized during the year		920,146	-
Disposed during the year		-	-
Closing balance		**920,146**	**-**
Written down value		**2,234,640**	**-**

Details are shown in Annexure A (ii)

6 **Deferred tax assets**

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		1,354,056	-
Transferred from capital reserve		-	1,325,701
Gain/(charge) during the year		311,033	28,355
Closing balance	6.01	**1,665,090**	**1,354,056**

6.01 **Computation as follows**

In Taka	Carrying amount on reporting date	Tax Base	(Taxable)/ Deductible temporary difference
Property plan & equipment	4,438,254	4,352,920	(85,334)
Right of use-assets	2,234,640	-	(2,234,640)
Security deposits	488,988	556,000	67,012
Provision for terminal benefit & earned leave	(5,167,130)	-	5,167,130
Lease liability	(2,209,186)	-	2,209,186
Net deductible temporary difference			5,123,354
Applicable tax rate			33%
Deferred tax assets/(liabilities)			**1,665,090**

7 **Receivables from customer**

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		22,531,853	-
Addition during the year		66,614,884	60,587,194
Received during the year		(68,316,804)	(38,055,341)
Foreign exchange (gain) /loss		(863,939)	-
Total		**19,965,994**	**22,531,853.30**

8 **Advance, deposit & prepayments**

In Taka	Notes	31-Mar-21	31-Mar-20
Advance	8.01	7,054,794	-
Deposit	8.02	495,988	4,663,200
Prepayments	8.03	440,440	-
Closing balance		**7,991,222**	**4,663,200**

8.01 **Advance**

In Taka	Notes	31-Mar-21	31-Mar-20
Advance income tax		6,912,086	-
Advance against expenses		142,708	-
Closing balance		**7,054,794**	**-**

8.02 **Deposit**

In Taka	Notes	31-Mar-21	31-Mar-20
Security deposit for rent		488,988	4,663,200
Vendor deposits		7,000	-
Closing balance		**495,988**	**4,663,200**

8.03 **Prepayments**

In Taka	Notes	31-Mar-21	31-Mar-20
Insurance - prepaid		394,440	-
Prepaid office rent		46,000	-
Closing balance		**440,440**	**-**

9 **Cash & cash equivalents**

In Taka	Notes	31-Mar-21	31-Mar-20
Cash in hand		19,467	37,695
Cash at bank	9.01	7,027,651	12,784,543
Closing balance		**7,047,118**	**12,822,238**

9.01 **Cash at bank**

In Taka	Notes	31-Mar-21	31-Mar-20
Commercial Bank of Ceylon A/C No-1082013347		7,027,651	12,784,543
Closing balance		**7,071,937**	**12,828,464**

Snehasish Mahmud & Co.
SMAC

10 Share capital

In Taka	Notes	31-Mar-21	31-Mar-20
Authorized capital:			
10,000,000 ordinary shares of Taka 10 each		100,000,000	100,000,000
Issued subscribed and paid up capital:			
965,190 ordinary shares of Tk. 10 each	10.01	9,651,900	9,651,900

10.01 Share holding position:

Name of the shareholders	%	No of shares	Total value
Multinational Textile Group Limited	49.00	472,944	4,729,440
Represented by Muhammad Shahed Mahmud			
Design Pod Limited	51.00	492,246	4,922,460
Represented by Rajive Ranjan			
Total	**100.00**	**965,190**	**9,651,900**

11 Share money deposit

In Taka	Notes	31-Mar-21	31-Mar-20
Share money deposit		21	21
Closing balance		**21**	**21**

12 Capital reserve*

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		3,306,886	-
Addition during the year		-	3,306,886
Closing balance		**3,306,886**	**3,306,886**

*This is the balance of surplus of assets over liabilities as at 01 November 2019 after acquisition by the new shareholder.

13 Liability for terminal benefit & earned leave

In Taka	Notes	31-Mar-21	31-Mar-20
Terminal Benefit Liability	13.01	3,111,715	3,377,999
Leave Encashment Liability	13.02	2,055,415	697,248
Closing balance		**5,167,130**	**4,075,247**
Current portion of liability for terminal benefit & earned leave		755,920	-
Non current portion of liability for terminal benefit & earned lea		4,411,210	4,075,247
Total		**5,167,130**	**4,075,247**

13.01 Terminal benefit liability*

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		3,377,999	-
Transferred from capital reserve		-	3,565,998
Service cost		298,694	150,440
Interest cost		138,924	-
Benefits paid		(943,969)	(338,439)
Actuarial loss on obligation		240,067	-
Closing balance		**3,111,715**	**3,377,999**

*The provision for terminal benefit is made on the basis of Actuarial Valuation. The current liability has been estimated to Tk. 152,076 and non-current liability has been estimated to Tk. 2,959,639.

13.02 **Leave encashment liability***

In Taka	Notes	31-Mar-21	31-Mar-20
Opening balance		697,248	-
Transferred from capital reserve		-	560,160
Service cost		1,080,170	137,088
Interest cost		62,752	-
Benefits paid		(202,640)	-
Actuarial loss on obligation		417,885	-
Closing balance		**2,055,415**	**697,248**

*The provision for earned leave is made on the basis of actuarial valuation. The current liability has been estimated to Tk. 603,844 and non-current liability has been estimated to Tk. 1,451,571.

14 **Short term loan**

In Taka	Notes	31-Mar-21	31-Mar-20
Loan from Multinational Textile Group Limited		-	6,296,250
Foreign exchange loss		-	75,000
Closing balance		**-**	**6,371,250**

15 **Liability for expenses**

In Taka	Notes	31-Mar-21	31-Mar-20
Audit fee payable		97,750	276,250
Salary payable		6,286,536	2,991,682
Bonus payable		2,030,441	1,717,477
Commissions payables		-	2,972,280
Other accrued liabilities & payables		1,097,958	980,006
TDS payable		509,468	794,652
VAT payable		108,062	912,443
Closing balance		**10,130,215**	**10,644,790**

16 **Revenue**

In Taka	Notes	31-Mar-21	31-Mar-20
Revenue - commission		66,614,884	44,583,775
Revenue - other		-	16,003,419
Net revenue		**66,614,884**	**60,587,194**

17 **Administrative & marketing expense**

In Taka	Notes	31-Mar-21	31-Mar-20
Employee expenses	17.01	41,589,110	17,668,231
Sales commission		(1,486,140)	1,486,140
Corporate charge		(1,486,139)	1,486,140
Office rent		5,517,830	9,009,024
Chittagong office expenses		-	1,699,220
Cleaning expenses		346,001	7,260
Travel expenses and dearness allowance		133,675	2,452,989
Entertainment		45,317	577,225
Expenses for foreign guest and clients		203,903	1,400,000
Drinking water and sanitary expenses		-	10,850
Courier bill		2,260,824	952,764

Electricity & other utilities bill	570,488	324,890
Internet bill and mobile bill	1,190,106	704,515
Office supplies	880,089	377,729
Other office expenses	693,004	954,892
Repair and maintenance	1,594,687	113,476
Testing charge	-	388,455
Training expense	36,800	7,650
Local conveyance and accommodation	2,173,553	2,612,978
Car rent	2,053,836	1,803,316
Car parking & fuel cost	1,470,863	428,003
Professional fees	118,500	2,273,595
Audit fees	159,501	276,250
CSR (social projects)	-	1,450,383
Sample expenses	44,285	-
Depreciation on right of use assets	920,146	-
Depreciation	938,468	267,843
Total	**60,435,285**	**48,904,326**

17.01 Employee expenses

In Taka	Notes	31-Mar-21	31-Mar-20
Salary & allowances		34,928,644	15,790,351
Festival bonus		3,109,502	1,188,690
Incentive bonus		85,000	-
Employees child benefit		-	16,500
terminal benefit & leave encashment		-	467,528
Service cost (terminal benefit & leave encashment)		1,378,864	-
Interest cost (terminal benefit & leave encashment)		201,676	-
Notice pay & ex-gratia		1,397,270	-
Overtime charges		488,154	205,162
Total		**41,589,110**	**17,668,231**

18 Finance expense

In Taka	Notes	31-Mar-21	31-Mar-20
Bank charge		54,420	19,935
Interest expense		119,599	49,315
Total		**174,019**	**69,250**

19 Income tax expenses

In Taka	Notes	31-Mar-21	31-Mar-20
Current year		(6,912,086)	(4,050,864)
Prior year**		192,526	-
Total		**(6,719,560)**	**(4,050,864)**

* Current year income tax expenses represents the total amount of Advance Income tax with-hold during the year.

** Excess provision of BDT 192,526 was reversed during the year due to reduction in Corporate Tax rate from 35% to 32.50% as per Finance Act 2020.

20 Related party transaction

The names of the related parties and the nature of these transactions have been given below:-

Name of party	Relationship	Nature of transaction	Payable at 31st March, 2021	Payable at 31st March, 2020
Multinational Textile Group Limited	Shareholder	Short Term Loan of USD 75,000	-	6,371,250

21 Number of employees

The company has forty six (46) employees as at 31 March 2021.

22 Contingent liability

There is no contingent liability arisen during this year.

23 Events after reporting period

There is no material events that had occurred after the date of statement of financial position till the date of issue of these financial statements, which could affect the figures stated in the financial statements.

Techno Sourcing BD Limited
Schedule of property, plant & equipment
31 March 2021

Annexure A(i)

Particulars	Cost					Rate %	Depreciation				Written down value as at 31 March 2021
	Balance as at 01 April 2020	Re - classification	Addition during the year	Disposal during the year	Balance as on 31 March 2021		Balance as at 01 April 2020	Charged during the year	Disposal during the year	Balance as on 31 March 2021	
31-Mar-21											
Office equipment	1,547,799	123,504	509,550	-	2,180,853	25%	161,229	435,669	-	596,898	1,583,955
Furniture & fixtures	67,611	(35,991)	663,813	-	695,433	25%	7,043	76,726	-	83,769	611,664
Computer equipment	1,042,720	(87,513)	858,945	-	1,814,152	25%	99,571	326,103	-	425,675	1,388,477
Office renovation	-	-	954,127	-	954,127	33%	-	99,969	-	99,969	854,158
Total	**2,658,130**	**-**	**2,986,435**	**-**	**5,644,565**		**267,843**	**938,468**	**-**	**1,206,311**	**4,438,254**

31 March 2020

Particulars	Cost					Rate %	Depreciation				Written down value as at 31 March 2020
	Balance as at 01 July 2019	Re - classification	Addition during the year	Disposal during the year	Balance as on 31 March 2020		Balance as at 01 July 2019	Charged during the year	Disposal during the year	Balance as on 31 March 2020	
Office equipment	-	-	1,547,799	-	1,547,799	25%	-	161,229	-	161,229	1,386,570
Furniture & fixtures	-	-	67,611	-	67,611	25%	-	7,043	-	7,043	60,568
Computer equipment	-	-	1,042,720	-	1,042,720	25%	-	99,571	-	99,571	943,149
Total	**-**	**-**	**2,658,130**	**-**	**2,658,130**		**-**	**267,843**	**-**	**267,843**	**2,390,287**

Snehasish Mahmud & Co.
SMAC

Techno Sourcing BD Limited
Schedule of Right of Use Assets
31 March 2021

Annexure A(ii)

Particulars	Cost				Rate %	Depreciation				Written down value as at 31 March 2021
	Balance as at 01 April 2020	Addition during the year	Disposal during the year	Balance as on 31 March 2021		Balance as at 01 April 2020	Charged during the year	Disposal during the year	Balance as on 31 March 2021	
31-Mar-21										
Right of use assets	-	3,154,787		3,154,787		-	920,146	-	920,146	2,234,640
Total	**-**	**3,154,787**	**-**	**3,154,787**		**-**	**920,146**	**-**	**920,146**	**2,234,640**

Snehasish Mahmud & Co.

Report of the Directors and Audited Financial Statements

SMART NOTCH INDUSTRIAL LIMITED

31 March 2021

Building a better
working world

SMART NOTCH INDUSTRIAL LIMITED

CONTENTS

SMART NOTCH INDUSTRIAL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
During the year, the principal activity of the Company consisted of investment holding.

Results
The Company's loss for the year ended 31 March 2021 and its financial position as at 31 March 2021 are set out in the financial statements on pages 5 to 24.

Directors
The directors of the Company during the year were:

Ajai Singh
Deepak Kumar Seth
Pallak Seth
Omprakash Makam Suryanarayan Setty

In accordance with Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries was a party during the year.

Auditors
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

P.S
....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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ey.com

Independent auditor's report
To the member of Smart Notch Industrial Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Smart Notch Industrial Limited (the "Company") set out on pages 5 to 24, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the member of Smart Notch Industrial Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the member of Smart Notch Industrial Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

SMART NOTCH INDUSTRIAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Other income and gains	3	12,913	25,098
Administrative expenses		(20,924)	(20,152)
Other operating expenses		(2,636,864)	(250)
PROFIT/(LOSS) BEFORE TAX	4	(2,644,875)	4,696
Income tax expense	6	-	-
PROFIT/(LOSS) FOR THE YEAR		(2,644,875)	4,696
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:			
Changes in fair value of financial assets at fair value through other comprehensive income		375,950	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(2,268,925)	4,696

SMART NOTCH INDUSTRIAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Investment in an associate	8	-	15,510,678
Financial assets at fair value through other comprehensive income	7	19,785,492	-
Total non-current assets		19,785,492	15,510,678
CURRENT ASSETS			
Due from a related company	10	597,504	-
Cash and cash equivalents		159,796	139,855
Total current assets		757,300	139,855
CURRENT LIABILITIES			
Accruals		63,626	12,000
Due to the immediate holding company	10	22,925,661	15,816,103
Total current liabilities		22,989,287	15,828,103
NET CURRENT LIABILITIES		(22,231,987)	(15,688,248)
Net liabilities		(2,446,495)	(177,570)
EQUITY			
Share capital	9	77,800	77,800
Reserves		(2,524,295)	(255,370)
Net deficiency in assets		(2,446,495)	(177,570)

P.S. X ....
Pallak Seth
Director

....
Omprakash Makam Suryanarayan Setty
Director

SMART NOTCH INDUSTRIAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Share Capital HK$	Fair value reserve of financial assets at fair value through other comprehensive income HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2019	77,800	-	(260,066)	(182,266)
Profit for the year	-	-	4,696	4,696
At 31 March 2020 and 1 April 2020	77,800	-*	(255,370)*	(177,570)
Profit for the year	-	-	(2,644,875)	(2,644,875)
Other comprehensive income for the year:				
Changes in fair value of financial assets at fair value through other comprehensive income	-	375,950	-	375,950
At 31 March 2021	77,800	375,950*	(2,900,245)*	(2,446,495)

* These reserve accounts comprise the reserves of HK$2,524,295 (2020: HK$255,370) in the statement of financial position.

SMART NOTCH INDUSTRIAL LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(2,644,875)	4,696
Adjustments for:			
Bank interest income	3	(1)	(5)
Loss on deemed disposal of an associate	4	2,636,614	-
		(8,262)	4,691
Increase in due from a related company		(597,504)	-
Increase/(decrease) in accruals		51,626	(10,130,478)
Increase in an amount due to the immediate holding company		7,109,558	10,114,000
Cash generated from/(used in) operating activities		6,555,418	(11,787)
Interest received		1	5
Net cash flows from/(used in) operating activities		6,555,419	(11,782)
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchase of financial assets at fair value through other comprehensive income		(6,535,478)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		19,941	(11,782)
Cash and cash equivalents at beginning of year		139,855	151,637
CASH AND CASH EQUIVALENTS AT END OF YEAR		159,796	139,855
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		159,796	139,855

SMART NOTCH INDUSTRIAL LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2021

1. CORPORATE INFORMATION

Smart Notch Industrial Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

During the year, the Company was engaged in the investment holding.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited, is the Company's ultimate holding company.

2.1 FUNDAMENTAL ACCOUNTING CONCEPT

These financial statements have been prepared on the going concern basis, notwithstanding that the Company had net current liabilities and net liabilities at the end of the reporting period, as an intermediate holding company of the Company, has agreed to provide adequate funds for the Company to meet its liabilities as and when they fall due.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income which have been measured at fair value. There financial statements are presented in Hong Kong dollars ("HK$").

Consolidated financial statements have not been prepared and the equity method has not been applied in respect of the Company's interest in an associate as the Company is a wholly-owned subsidiary of Norwest Industries Limited, which prepares consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which can be obtained at its registered office.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3,6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3,5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Company has performed high-level assessment of the impact of the new and revised HKFRSs upon initial application and does not expect these new and revised HKFRSs would have a significant impact on the Company's financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment in an associate

An associate is an entity in which the Company has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The results of an associate is included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in an associate is treated as non-current assets and are stated at cost less any impairment losses. When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Fair value measurement

The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follow:

Financial assets at amortised cost (debt instruments)

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)
Subsequent measurement (continued)
Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intends either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

2.6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)
Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include considerations of inputs such as revenue multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3. OTHER INCOME AND GAIN

	2021 HK$	2020 HK$
Bank interest income	1	5
Foreign exchange gain, net	12,912	25,093
	12,913	25,098

4. PRFOT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	2021 HK$	2020 HK$
Auditor remuneration	12,000	12,000
Foreign exchange difference, net	(12,912)	(25,093)
Loss on deemed disposal of an associate	2,636,614	-

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

6. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Company did not generate any assessable profits arising in Hong Kong during the year (2020: Nil).

A reconciliation of the tax charge/(credit) applicable to profit/(loss) before tax using the Hong Kong statutory tax rate of 16.5% to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit/(loss) before tax	(2,644,875)	4,696
Tax charge/(credit) at the statutory tax rate	(436,404)	775
Income not subject to tax	(2,131)	(4,141)
Expenses not deductible for tax	438,535	3,366
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2021 HK$	2020 HK$
<u>Financial assets at fair value through other comprehensive income</u>		
Unlisted investments, at fair value	19,785,492	-

The Company has designated the above investments as financial assets at fair value through other comprehensive income as the Company considers these investments to be strategic in nature.

8. INVESTMENT IN AN ASSOCIATE

	2021 HK$	2020 HK$
Unlisted investment, at cost	-	15,510,678

During the year ended 31 March 2021, the Company ceased to have significant influence on Atterley.com Holdings Limited ("Atterley") as a result of the Company's shareholding interest in Atterley was diluted from 27.23% to 14.40% ;after allotments of the new ordinary shares to new investors by Atterley. Atterley ceased to be an associate of the Company and thus the Company discontinued the use of equity method on its investment in Atterley, and accordingly, the investment in Atterley at the date when significant influence is lost was recognised at fair value and the amount was regarded as the fair value on initial recognition of an financial asset at fair value through other comprehensive income.

9. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid: 10,000 ordinary shares	77,800	77,800

10. RELATED PARTY TRANSACTIONS

The balances with the immediate holding company and a related company are unsecured, interest-free and repayable on demand. The related company is controlled by a director of the Company.

11. FINANCIAL INSTRUMENTS BY CATEGORY

Other than financial assets at fair value through other comprehensive income as disclosed in note 7 to the financial statements, which were classified as financial assets at fair value, all financial assets and liabilities of the Company as at 31 March 2021 and 2020, were stated at amortised cost.

The financial liabilities of the Company comprise accruals and an amount due to the immediate holding company, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

12. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accruals, and balances with the immediate holding company and a related company, approximated to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of unlisted investments at fair value through other comprehensive income are based on most recent transaction prices. The directors believe that the estimated fair value resulting therefrom, which is recorded in the statement of financial position, and the related change in fair value, which is recorded in the statement of profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

Assets measured at fair value:
At 31 March 2021

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$	Significant observable inputs (Level 2) HK$	Significant unobservable inputs (Level 3) HK$	Total HK$
Financial assets at fair value other comprehensive income	-	-	19,785,492	19,785,492

The movements in fair value measurements within Level 3 during the year are as follows:

	Financial assets at fair value through other comprehensive income HK$
At 1 April 2019, 31 March 2020 and 1 April 2020	-
Purchases	6,535,478
Transferred from an investment in an associate	12,874,064
Total gains recognised in other comprehensive income	375,950
At 31 March 2021	19,785,492

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality.

Maximum exposure and year-end staging
The credit quality and the maximum exposure to credit risk based on the Company's credit policy is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March.

The maximum exposure of the Company's financial assets, which comprise cash and cash equivalents, equal to the aggregate carrying amount of these instruments.

Cash and cash equivalents are classified within Stage 1 and their loss allowance are measured at an amount equal to 12-month ECLs.

Liquidity risk
In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate and maintains a balance between continuity and flexibility of funding from group companies.

The Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months subsequent to the end of the reporting period.

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Spring Near East FZCO

Financial Statements
For the year ended March 31, 2021

Spring Near East FZCO
Financial Statements
For the year ended March 31, 2021

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Director's report

The Director has the pleasure in submitting his report together with the audited financial statements of Spring Near East FZCO ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Spring Near East FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net profit of GBP 1,623,255 for the year ended March 31, 2021 (2020: loss GBP 318,381).

2. Director

The Director of the Company during the year and to the date of this report is Mr. Vineet Mathur.

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved on September 9, 2021 by:

Mr. Vineet Mathur
Director

Dubai, United Arab Emirates

Grant Thornton UAE
Dubai
Rolex Tower, Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai, UAE

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Independent Auditor's Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spring Near East FZCO (the "Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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.

Other Matter

The financial statements of the Company for the period ended March 31, 2020 were audited by another auditor, who expressed an unmodified opinion on those statements on June 28, 2020.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements (continued)

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 IFRSs and their preparation in compliance with the applicable provisions of Law No.25 of 2009 (as amended) concerning the Dubai Airport Free Zone, 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 based on 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of Spring Near East FZCO

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Law No. 25 of 2009 (as amended) concerning the Dubai Airport Free Zone, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Director's report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief no other violations of above-mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, September 9, 2021

Spring Near East FZCO
Financial Statements

Statement of financial position
As at March 31, 2021

	Notes	2021 GBP	2020 GBP
ASSETS			
Non-current			
Property and equipment	6	**52,274**	89,298
Right-of-use assets	7	**15,748**	57,610
		68,022	146,908
Current			
Trade and other receivables	8	**796,436**	23,086
Amounts due from related parties	9	**601,356**	-
Cash and cash equivalents	10	**2,377,467**	105,506
		3,775,259	128,592
TOTAL ASSETS		**3,843,281**	275,500
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	**20,000**	20,000
Retained earnings/ (accumulated losses)		**1,304,874**	(318,381)
TOTAL EQUITY/(DEFICIT)		**1,324,874**	(298,381)
LIABILITIES			
Non-current			
Financial lease liability	12	**-**	14,799
Employee's end of service benefits	13	**597**	1,547
		597	16,346
Current			
Trade and other payables	14	**2,260,184**	28,948
Amounts due to a related party	9	**257,626**	501,694
Finance lease liabilities	12	**-**	26,893
		2,517,810	557,535
TOTAL LIABILITIES		**2,518,407**	573,881
TOTAL EQUITY AND LIABILITIES		**3,843,281**	275,500

The financial statements for the year ended March 31, 2021 (including comparatives) were approved on September 9, 2021 by:

Mr. Vineet Mathur
Director

DAFZA
DUBAI - U.A.E
SPRING NEAR EAST FZCO

Dubai, United Arab Emirates

The accompanying notes from 1 to 23 form an integral part of these financial statements.

Spring Near East FZCO
Financial Statements

Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 GBP	For the period January 17, 2019 to March 31, 2020 GBP
Revenue	15	**16,732,432**	-
Cost of sales	16	**(15,212,402)**	-
GROSS PROFIT		**1,520,030**	-
Administrative, selling and general expenses	17	**(191,521)**	(316,004)
Other income	19	**344,758**	-
Finance cost	18	**(50,012)**	(2,377)
NET PROFIT/(LOSS) FOR THE YEAR/PERIOD		**1,623,255**	(318,381)
Other comprehensive income for the year/period		**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR/PERIOD		**1,623,255**	(318,381)

The accompanying notes from 1 to 23 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2021

	Share capital GBP	Retained earnings GBP	Total equity GBP
Balance at January 17, 2019	-	-	-
Share capital introduced	20,000	-	20,000
Net loss for the period	-	(318,381)	(318,381)
Balance at March 31, 2020	20,000	(318,381)	(298,381)
Net profit for the year	-	1,623,255	1,623,255
Balance at March 31, 2021	**20,000**	**1,304,874**	**1,324,874**

The accompanying notes from 1 to 23 form an integral part of these financial statements.

Spring Near East FZCO
Financial Statements

Statement of cash flows
For the year ended March 31, 2021

	Notes	2021	For the period January 17, 2019 to March 31, 2020
		GBP	GBP
OPERATING ACTIVITIES			
Net profit/loss for the year		**1,623,255**	(318,381)
Adjustments for:			
Depreciation of right-of-use assets	7	**23,190**	23,547
Depreciation on property and equipment	6	**37,024**	21,738
Finance cost	18	**50,012**	2,377
COVID-19 related rent concession	12	**(4,577)**	-
Provision for employees' end of service benefits		**941**	1,547
Operating cash flows before working capital changes		**1,729,845**	(269,172)
Net changes in working capital:			
Trade and other receivables		**(773,353)**	(23,086)
Amounts due from related parties		**(601,356)**	-
Trade and other payables		**2,231,237**	28,948
Amounts due to a related party		**(244,067)**	501,694
		2,342,306	238,384
Employees' end of service benefits paid		**(1,891)**	-
Net cash generated from operating activities		**2,340,415**	238,384
INVESTING ACTIVITY			
Purchase of property and equipment	7	-	(111,036)
Net cash used in investing activity		-	(111,036)
FINANCING ACTIVITY			
Repayment of finance lease liabilities	12	**(21,093)**	(41,608)
Issue of share capital	11	-	20,000
Interest paid on borrowings		**(47,361)**	(234)
Net cash used in financing activity		**(68,454)**	(21,842)
Effect of exchange rate changes on cash and cash equivalents			-
Net change in cash and cash equivalents		**2,271,961**	105,506
Cash and cash equivalents, beginning of year/period		**105,506**	-
Cash and cash equivalents, end of year/period	10	**2,377,467**	105,506

The accompanying notes from 1 to 23 form an integral part of these financial statements.

1 Legal status and nature of operations

Spring Near East FZCO ("the Company") is a free zone company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is office no.301, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius ("the Parent Company"). PDS Multinational Fashions Limited, India is the Ultimate Parent Company.

The principal activities of the Company are trading in garments accessories, handbags and leather products and readymade garments. The Company has commenced its business activities on January 17, 2019.

2 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made except for the following amendment which has a significant impact on the financial statements:

COVID-19 Rent Related Concessions (Amendments to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 'Leases'. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The effect of applying the practical expedient is disclosed in note 12 to the financial statements.

4 Standards, interpretations and amendments to existing standards (continued)

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

5.1 Overall considerations

The significant accounting policies have been used in the preparation of these financial statements and which are consistent in previous years are summarised below.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

5.2 Foreign currency

Functional and presentation currency

These financial statements are presented in British pound sterling (GBP), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.3 Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').;
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 20.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of trade and other payables, finance lease liabilities and amounts due to related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

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

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

Property and equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

5 Summary of significant accounting policies (continued)

5.5 Property and equipment (continued)

Depreciation is recognised on a straight-line basis to write-down the cost less estimated residual value of property and equipment. The following estimated useful lives are applied:

• Machinery and equipment	3 -5 years
• Electrical Installations	3 years
• Furniture and fixtures	3 years
• Leasehold improvements	3 years
• Computer and software	3 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within 'other income - net'.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least annually.

5.6 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior periods' retained profits and losses.

5.7 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5 Summary of significant accounting policies (continued)

5.8 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It establishes a five-step model, explained below, which will apply to revenue arising from contracts with customers.

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 Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternative use to the Company, and the Company 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.
- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.
- When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

5 Summary of significant accounting policies (continued)

5.8 Revenue (continued)

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

5.9 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

5 Summary of significant accounting policies (continued)

5.9 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease.

Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

5.10 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.11 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

5 Summary of significant accounting policies (continued)

5.11 Significant management judgment in applying accounting policies (continued)

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)
For the year ended March 31, 2021

6 Property and equipment

	Leasehold Improvements	Furniture & fixtures	Electrical Installations	Office equipments	IT equipments	Total
2021	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**
Cost						
Balance at April 1, 2020	36,685	34,480	35,514	3,071	1,286	111,036
Balance at March 31, 2021	36,685	34,480	35,514	3,071	1,286	111,036
Accumulated depreciation						
Balance at April 1, 2020	7,133	6,681	6,905	832	186	21,738
Charge for the year	12,228	11,493	11,838	1,024	441	37,024
Balance at March 31, 2021	19,361	18,174	18,743	1,856	627	58,761
Net carrying amount at March 31, 2021	**17,323**	**16,306**	**16,770**	**1,215**	**659**	**52,274**
2020						
Cost						
Balance at January 17, 2019	-	-	-	-	-	-
Additions during the period	36,685	34,480	35,514	3,071	1,286	111,036
Balance at March 31, 2020	36,685	34,480	35,514	3,071	1,286	111,036
Accumulated depreciation						
Balance at January 17, 2019	-	-	-	-	-	-
Charge for the period	7,133	6,681	6,905	832	186	21,738
Balance at March 31, 2020	7,133	6,681	6,905	832	186	21,738
Net carrying amount at March 31, 2020	29,552	27,799	28,608	2,239	1,100	89,298

Notes to the financial statements (continued)
For the year ended March 31, 2021

7 Right-of-use assets

	Building GBP	Vehicle GBP	Total GBP
Cost			
Balance at March 31, 2020	60,133	21,024	81,157
Addition during the year	-	-	-
Disposal	-	(21,024)	(21,024)
Balance at March 31, 2021	60,133	-	60,133
Accumulated depreciation			
Balance at March 31, 2020	22,106	1,441	23,547
Charge for the year	21,411	1,780	23,190
Disposal	-	(3,221)	(3,221)
Balance at March 31, 2021	43,517	-	43,517
Carrying amount as at March 31, 2020	38,027	19,583	57,610
Carrying amount as at March 31, 2021	**15,748**	**-**	**15,748**

8 Trade and other receivables

	2021 GBP	2020 GBP
Financial asset		
Trade receivables	**762,056**	-
Other receivables	**31,726**	20,432
	793,782	20,432
Non-financial asset		
Prepayments	**2,654**	2,654
	796,436	23,086

Notes to the financial statements (continued)
For the year ended March 31, 2021

9 Related parties

The Company in the normal course of business carries on transactions with other business enterprises that fall within the definition of a related party. Parties are considered to be related to the Company if the party has the ability, directly or indirectly, to exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or significant influence. The transactions are measured at amounts agreed to by both parties.

Amounts due from related parties

	2021 GBP	2020 GBP
Entities under common control		
Spring Near East Mfg. Co. Ltd	**600,898**	-
Kleider Sourcing FZCO	**458**	-
	601,356	-

Amounts due to a related party

	2021 GBP	2020 GBP
Entity under common control		
Multinational Textiles Group Limited	**232,911**	376,999
Design Arc FZCO	**18,230**	15,258
Twins Asia FZCO	**6,484**	6,690
Kleider Sourcing FZCO	**-**	102,746
	257,626	501,694

10 Cash and cash equivalents

	2021 GBP	2020 GBP
Cash at bank	**2,377,467**	105,506
	2,377,467	105,506

11 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of GBP 200 (2020: GBP 200) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2021 GBP	2020 GBP
Total shares issued and fully paid at March 31,	**100**	100

Name of Shareholders	**Number of shares**	**% Holding**	**2021 GBP**	2020 GBP
Multinational Textile Group Limited	**55**	**55%**	**11,000**	11,000
Pallak Seth	**10**	**10%**	**2,000**	2,000
Safak Kipik	**10**	**10%**	**2,000**	2,000
Esra Ercan	**25**	**25%**	**5,000**	5,000
	100	**100%**	**20,000**	**20,000**

12 Finance lease liabilities

	2021 GBP	**2020 GBP**
As at April 1,	**41,692**	-
Liability on contracts entered during the period	**-**	81,157
Finance cost	**2,651**	2,143
COVID-19 related rent concession (note 19)	**(4,577)**	-
Termination of lease	**(21,093)**	-
Repayments during the year	**(18,673)**	(41,608)
Exchange rate difference	**1,329**	-
As at March 31,	**-**	41,692

Finance lease liabilities are repayable as follows:

	Within one year GBP	More than one year GBP	Total GBP
2020			
Finance lease liabilities	26,893	14799	41,692

12 Finance lease liabilities (continued)

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year GBP	More than one year GBP	Total GBP
2020			
Lease payments	28,854	15,714	44,568
Finance charges	(1,961)	(915)	(2,876)
Net present value	26,893	14,799	41,692

(a) Rent concessions

As discussed in Note 4, the Company has adopted the practical expedient issued by the International Accounting Standards Board whereby it has accounted for the rent concessions which are a direct consequence of the COVID-19 pandemic.

The adoption of the practical expedient has resulted in the reduction of total lease liabilities and a gain in the statement of comprehensive income by GBP 4,577 recorded under other income.

13 Employees' end of service benefits

The movement is as follows:

	2021 GBP	2020 GBP
Opening Balance	**1,547**	-
Provision for the year/period	**941**	1,547
Payments during the year/period	**(1,891)**	-
As at March 31,	**597**	1,547

14 Trade and other payables

	2021 GBP	2020 GBP
Financial liabilities		
Trade payables	**2,239,853**	-
Employee payable	**16,808**	22,867
Other payables	**3,523**	1,889
Provisions	**-**	4,192
	2,260,184	28,948

Notes to the financial statements (continued)
For the year ended March 31, 2021

15 Revenue

	2021 GBP	For the period January 17, 2020 to March 31,2020 GBP
Sales - Garment	**16,734,079**	-
Claims & penalty from customer	**(1,648)**	-
	16,732,432	-

16 Cost of sales

	2021 GBP	For the period January 17, 2020 to March 31,2020 GBP
Cost of goods sold	**15,215,267**	-
Penalty on suppliers	**(2,865)**	-
	15,212,402	-

17 Administrative, selling and general expenses

	2021 GBP	For the period January 17, 2020 to March 31,2020 GBP
Salaries and other benefits	**106,565**	181,763
Depreciation on property and equipment (note 6)	**37,024**	21,738
Depreciation on right-of-use assets (note 8)	**23,190**	23,547
Professional and consultancy fees	**5,229**	27,022
Communication charges	**4,426**	4,930
Travelling and conveyance	**3,120**	17,035
Bank charges	**1,476**	1,463
Office expense	**3,376**	10,946
Repairs and maintenance	**306**	1,487
Rent expense	**-**	4,232
Other	**6,809**	21,840
	191,521	316,004

Notes to the financial statements (continued)
For the year ended March 31, 2021

18 Finance cost

	2021 GBP	For the period January 17, 2020 to March 31,2020 GBP
Interest on finance lease (note 12)	**2,651**	2,143
Interest on bank overdraft	**47,361**	234
	50,012	2,377

19 Other income

	2021 GBP	For the period January 17, 2020 to March 31,2020 GBP
Consultancy income	**288,327**	-
Early payment discount from suppliers	**47,634**	-
COVID-19 related rent concession (note 12)	**4,577**	-
Quality control & inspection fees	**2,900**	-
Foreign exchange gain	**1,320**	-
	344,758	-

20 Financial instruments risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure

20.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

20 Financial instruments risk (continued)

20.1 Market risk (continued)

Foreign currency risk

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

Most of the Company's transactions are carried out in United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in one of these currencies. The GBP is effectively pegged to the USD. The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in EUR and AUD. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in EUR and AUD at the reporting date.

20.2 Credit risk analysis

	Note	2021 GBP	2020 GBP
Financial assets			
Trade and other receivables	8	**762,056**	-
Amounts due from related parties	9	**601,356**	-
Cash at bank	10	**2,377,467**	105,506
		3,740,879	105,506

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. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information in relation to customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

20 Financial instruments risk (continued)

20.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any future commitments, and this minimizes the risks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at March 31, 2021	**Less than 12 months**	**1 to 5 years**	**Total**
	GBP	**GBP**	**GBP**
Trade and other payables (note 14)	**2,260,184**	**-**	**2,260,184**
	2,260,184	**-**	**2,260,184**

As at March 31, 2020	Less than 12 months	1 to 5 years	Total
	GBP	GBP	GBP
Trade and other payables (note 14)	28,948	-	28,948
Finance lease liability (note 12)	28,854	15,714	44,568
	57,802	15,714	73,516

21 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e.derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value

22 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

23 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current year's presentation.

Report of the Directors and Audited Financial Statements

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

31 March 2021

Building a better working world

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

CONTENTS

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity

The principal activity of the Company is the trading of garments. There was no significant change in the nature of the Company's principal activity during the year.

Results and dividends

The Company's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 38.

The final dividend for the year ended 31 March 2020 of GBP2.1189 per ordinary share were declared and paid on 8 March 2021.

Directors

The directors of the Company during the year were:

Deepak Kumar Seth
Pallak Seth
Safak Kipik

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests

At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of the Company's holding companies or fellow subsidiaries was a party during the year.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
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Independent auditor's report
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Spring Near East Manufacturing Company Limited (the "Company") set out on pages 5 to 38, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Independent auditor's report (continued)
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Spring Near East Manufacturing Company Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 GBP	2020 GBP
REVENUE	5	20,812,204	53,285,465
Cost of sales		(19,134,486)	(48,604,949)
Gross profit		1,677,718	4,680,516
Other income and gains	5	2,149,466	1,060,028
Selling and distribution expenses		(203,554)	(201,439)
Administrative expenses		(3,189,973)	(4,135,256)
Other operating expenses		(193,552)	(119,681)
Finance costs	7	(57,550)	(438,306)
PROFIT BEFORE TAX	6	182,555	845,862
Income tax expense	9	(96,093)	-
PROFIT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR		86,462	845,862

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2021

	Note	2021 GBP	2020 GBP
EQUITY			
Share capital	18	134,971	134,971
Reserves		2,976,962	3,314,277
Total equity		3,111,933	3,449,248

Pallak Seth
Director

Deepak Kumar Seth
Director

SPRING NEAR EAST MANUFACTURING COMPANY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 GBP	2020 GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		182,555	845,862
Adjustments for:			
Bank interest income	5	(9,096)	(8,970)
Finance costs	7	57,550	438,306
Depreciation of property, plant and equipment	6	26,322	24,977
Depreciation of a right-of-use asset	6	33,432	22,288
Reversal of impairment of trade receivables	6	(10,831)	(22,512)
Write-off of items of property, plant and equipment	6	338	-
		280,270	1,299,951
Decrease in trade receivables		812,558	1,334,867
Increase in prepayments, deposits and other receivables		(564,181)	(21,630)
Decrease/(increase) in an amount due from the immediate holding company		(24,068)	548,601
Decrease/(increase) in amounts due from fellow subsidiaries		1,059,973	(847,836)
Decrease in trade payables		(3,185,458)	(1,864,994)
Increase in other payables and accruals		727,816	400,754
Changes in the balance with an intermediate holding company		(70,729)	49,418
Increase in amounts due to fellow subsidiaries		436,933	197,319
Increase/(decrease) in an amount due to a related company		(55,346)	45,346
Cash generated from/(used in) operations		(582,232)	1,141,796
Interest received		9,096	8,970
Interest paid		(56,163)	(435,588)
Net cash flows from/(used in) operating activities		(629,299)	715,178
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(54,370)	(25,020)
Increase in pledged time deposits		(9,077)	(8,950)
Net cash flows used in investing activities		(63,447)	(33,970)

continued/...

1. CORPORATE INFORMATION

Spring Near East Manufacturing Company Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Company was engaged in the trading of garments.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in British Pound Sterling ("GBP").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRS has had no significant financial effect on these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
  (i) has control or joint control over the Company;
  (ii) has significant influence over the Company; or
  (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
  (i) the entity and the Company are members of the same group;
  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  (iii) the entity and the Company are joint ventures of the same third party;
  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
  (vi) the entity is controlled or jointly controlled by a person identified in (a);
  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Impairment of non-financial assets
Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and payables, net of directly attributable transaction costs.

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition
Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Commission income is recognised over time when the services are rendered.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for income taxes
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 14 to the financial statements.

7. FINANCE COSTS

	Note	2021 GBP	2020 GBP
Interest on overdrafts		56,163	435,588
Interest on lease liability	12	1,387	2,718
		57,550	438,306

8. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1)(a) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 GBP	2020 GBP
Fees	-	-
Other emoluments:		
Salaries and allowances	84,500	116,982
	84,500	116,982

9. INCOME TAX

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 March 2021.

No provision for Hong Kong profits tax had been made for the prior year as the Company did not generate any assessable profits in Hong Kong during the year ended 31 March 2020.

	2021 GBP	2020 GBP
Current – Hong Kong		
Charge for the year	14,809	-
Underprovision in prior years	81,284	-
Total tax charge for the year	96,093	-

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement GBP	Furniture and fixtures GBP	Office equipment GBP	Computer equipment GBP	Total GBP
31 March 2021					
At 31 March 2020 and 1 April 2020					
Cost	109,113	190,902	174,016	138,614	612,645
Accumulated depreciation	(106,915)	(184,757)	(161,963)	(123,309)	(576,944)
Net carrying amount	2,198	6,145	12,053	15,305	35,701
At 1 April 2020, net of accumulated depreciation	2,198	6,145	12,053	15,305	35,701
Additions	-	788	36,578	17,004	54,370
Write-off	-	-	(4)	(334)	(338)
Depreciation provided during the year	(934)	(2,483)	(12,132)	(10,773)	(26,322)
At 31 March 2021, net of accumulated depreciation	1,264	4,450	36,495	21,202	63,411
At 31 March 2021:					
Cost	109,113	191,691	169,120	102,637	572,561
Accumulated depreciation	(107,849)	(187,241)	(132,625)	(81,435)	(509,150)
Net carrying amount	1,264	4,450	36,495	21,202	63,411

12. LEASES (continued)

The Company as a lessee (continued)

(a) Right-of-use asset (continued)

	Office premise GBP
As at 1 April 2019	-
Addition	100,295
Depreciation charge	(22,288)
As at 31 March 2020 and 1 April 2020	78,007
Depreciation charge	(33,432)
As at 31 March 2021	44,575

(b) Lease liability

The carrying amount of a lease liability and the movements during the year are as follows:

	2021 GBP	2020 GBP
Carrying amount as at the beginning of the year	55,163	-
New lease	-	100,295
Accretion of interest recognised during the year	1,387	2,718
Payments	(14,849)	(47,850)
Carrying amount at end of year	41,701	55,163
Analysed into:		
Current portion	41,701	21,750
Non-current portion	-	33,413

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 GBP	2020 GBP
Interest on lease liability	1,387	2,718
Depreciation charge of right-of-use asset	33,432	22,288
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 March	89,979	140,081
Total amount recognised in profit or loss	124,798	165,087

14. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

	Current	Pass due Less than 1 month	Pass due 1 to 3 months	Pass due Over 3 months	Total
Expected credit loss rate	0.36%	0.36%	-	-	0.36%
Gross carrying amount (GBP)	626,592	39,283	-	-	665,875
Expected credit losses (GBP)	2,240	140	-	-	2,380

As at 31 March 2020

	Current	Pass due Less than 1 month	Pass due 1 to 3 months	Pass due Over 3 months	Total
Expected credit loss rate	0.89%	0.89%	-	-	0.89%
Gross carrying amount (GBP)	627,376	851,057	-	-	1,478,433
Expected credit losses (GBP)	5,606	7,605	-	-	13,211

15. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	2021 GBP	2020 GBP
Cash and bank balances	1,171,632	2,303,004
Pledged time deposits	1,558,993	1,549,916
	2,730,625	3,852,920
Less: Pledged time deposit with original maturity of more than three months and less than one year	(1,558,993)	(1,549,916)
Cash and cash equivalents for the purpose of the statement of financial position	1,171,632	2,303,004

Cash at banks earns interest at floating rates based on daily bank deposit rate. The bank balances and a time deposits are deposited with creditworthy banks with no recent history of default.

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Lease liability GBP	Interest-bearing bank borrowings GBP
At 1 April 2019	-	96,564
New lease	100,295	-
Changes from financing cash flows, net	(47,850)	(96,564)
Interest expense	2,718	-
At 31 March 2020 and 1 April 2020	55,163	-
Changes from financing cash flows, net	(14,849)	-
Interest expense	1,387	-
At 31 March 2021	41,701	-

20. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following material transactions with related parties during the year:

	2021 GBP	2020 GBP
Intermediate holding company:		
Management fees paid	79,192	204,299
Operating expenses recharged, net	-	6,154
Immediate holding company:		
Management fees received	1,402,109	64,223
Fellow subsidiary:		
Management fee received	23,295	2,820

(b) Outstanding balances with related parties:

The balances with the immediate holding company, an intermediate holding company, fellow subsidiaries and a related company are unsecured, interest-free and repayable on demand.

(c) The related company is a joint venture of the immediate holding company, Norwest Industries Limited. In addition, Pallak Seth, a director of the Company, is a member of the key management personnel of the related company.

Balance with a related company is unsecured, interest-free and repayable on demand.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 GBP	Stage 2 GBP	Stage 3 GBP	Simplified approach GBP	Total GBP
Trade receivables*	-	-	-	665,875	665,875
Financial assets included in prepayments, deposits and other receivables					
- Normal**	180,030	-	-	-	180,030
Due from the immediate holding company					
- Normal**	1,770,736	-	-	-	1,770,736
Due from fellow subsidiaries					
- Normal**	295,655	-	-	-	295,655
Due from an intermediate holding company					
- Normal**	21,311	-	-	-	21,311
Pledged time deposits					
- Not yet past due	1,558,993	-	-	-	1,558,993
Cash and cash equivalents					
- Not yet past due	1,171,632	-	-	-	1,171,632
	4,998,357	-	-	665,875	5,664,232

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand/ less than 1 year GBP	1 to 5 years GBP	Total GBP
Lease liability	43,088	-	43,088
Trade payables	677,987	-	677,987
Financial liabilities included in other payables and accruals	837,527	-	837,527
Due to fellow subsidiaries	873,500	-	873,500
	2,432,102	-	2,432,102

As at 31 March 2020

	On demand/ less than 1 year GBP	1 to 5 years GBP	Total GBP
Lease liability	34,800	47,850	82,650
Trade payables	3,863,445	-	3,863,445
Financial liabilities included in other payables and accruals	445,130	-	445,130
Due to fellow subsidiaries	436,567	-	436,567
Due to an intermediate holding company	49,418	-	49,418
Due to a related party	55,346	-	55,346
	4,884,706	47,850	4,932,556

Reports and Financial Statements

Techno Design HK Limited

For the year ended 31 March 2021

Contents

Expressed in Hong Kong dollars ("HK$")

Directors' report
for the year ended 31 March 2021

The directors present their report and the audited financial statements of Techno Design HK Limited (the "Company") for the year ended 31 March 2021.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is garment trading. There were no significant changes in the nature of the Company's principal activities during the year.

No business review is presented as the Group has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 March 2021 and the financial position of the Company at that date are set out in the financial statements on pages 6 to 36.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

There was no movements in the Company's share capital during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Birthe SIEMERS
Deepak Kumar SETH
Pallak SETH
Rajive RANJAN
Ajai SINGH

In accordance with Article 7 of the Company's Articles of Association, all the existing directors retire and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than disclosed in note 24 to the financial statements, no transactions, arrangements or contracts of significance to which the Company's holding companies or fellow subsidiaries was a party and in which the directors of the Company or an entity connected with the directors are or were materially interested, whether directly or indirectly, subsisted during or at the end of the financial year.

DIRECTORS' INTERESTS

At no time during the year was the company, its ultimate holding company or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or its specified undertakings.

MANAGEMENT CONTRACTS

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, by which a person undertakes the management and administration of the whole, or any substantial part of any business of the Company during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the directors was in force during the year and up to the date of this report.

AUDITORS

Louis Lai & Luk CPA Limited resigned as the auditor of the Company and Grant Thornton Hong Kong Limited was appointed by the directors to fill the causal vacancy so arising. A resolution for the reappointment of Grant Thornton Hong Kong Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Pallak SETH
Chairman

Hong Kong
17 May 2021

Grant Thornton
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Independent auditor's report

To the members of Techno Design HK Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the financial statements of Techno Design HK Limited (the "Company") set out on pages 6 to 36, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the directors' report of the Company, but 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 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, 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.

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, 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 control.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Grant Thornton 致同

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

17 May 2021

Lam Yau Hing
Practising Certificate No.: P06622

Statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
Revenue	5	**377,663,047**	203,524,177
Cost of goods sold		**(334,812,806)**	(186,975,189)
Gross profit		**42,850,241**	16,548,988
Other revenue and other income	6	**17,055,157**	8,778,184
Sundry payable written back		**4,058,285**	-
Depreciation		**(334,916)**	(179,098)
Staff costs		**(3,356,254)**	(4,781,145)
Other operating expenses		**(31,394,291)**	(12,472,346)
Profit from operation		**28,878,222**	7,894,583
Finance costs	7	**(1,309,121)**	(1,862,761)
Profit before income tax	8	**27,569,101**	6,031,822
Income tax expense	9	**-**	-
Profit for the year		**27,569,101**	6,031,822
Other comprehensive income Item that may be reclassified to profit or loss:			
Exchange difference on translating foreign operations		**47,828**	-
Total comprehensive income for the year		**27,616,929**	6,031,822

The notes on pages 10 to 36 form an integral part of these financial statements.

Statement of financial position as at 31 March 2021

	Notes	2021 HK$	2020 HK$
Non-current assets			
Plant and equipment	11	373,026	561,106
Right-of-use assets	12	186,562	-
		559,588	561,106
Current assets			
Inventories	13	13,679,162	1,289,313
Trade and other receivables	14	72,372,234	110,898,785
Amounts due from fellow subsidiaries	15	30,538,709	24,895,915
Cash and bank balances		4,635,554	1,775,204
		121,225,659	138,859,217
Current liabilities			
Amounts due to fellow subsidiaries	15	3,889,889	43,935,148
Amount due to a director	15	1,482,453	1,454,010
Trade and other payables	16	56,134,864	42,118,650
Secured bank borrowings	17	28,306,618	47,742,458
Lease liabilities	18	127,711	-
		89,941,535	135,250,266
Net current assets		31,284,124	3,608,951
Non-current liabilities			
Lease liabilities	18	56,726	-
Net assets		31,786,986	4,170,057
Equity			
Share capital	19	778,000	778,000
Retained earnings		30,961,158	3,392,057
Translation reserve		47,828	-
Total equity		31,786,986	4,170,057

Rajive RANJAN
Director

Pallak SETH
Director

The notes on pages 10 to 36 form an integral part of these financial statements.

Statement of cash flows for the year ended 31 March 2021

	2021 HK$	2020 HK$
Cash flows from operating activities		
Profit before taxation	**27,569,101**	6,031,822
Adjustments for:		
Depreciation	**334,916**	179,098
Sundry payable written back	**4,058,285**	-
Interest expenses	**1,309,121**	1,862,761
Operating profit before working capital changes	**33,271,423**	8,073,681
(Increase)/decrease in inventories	**(12,389,849)**	471,300
Decrease/(increase) in deposit and prepayment	**3,146,647**	(4,787,188)
Decrease/(increase) in trade and other receivables	**35,379,904**	(66,591,902)
(Payments to)/receipts from fellow subsidiaries, net	**(45,687,231)**	28,048,889
Receipt from a director, net	**28,443**	290,539
Increase in trade and other payables	**9,987,604**	22,760,370
Cash generated from/(used in) operations	**23,736,941**	(11,734,311)
Other interest paid	**(1,299,201)**	(1,862,761)
Net cash generated from/(used in) operating activities	**22,437,740**	(13,597,072)
Cash flows from investing activities		
Purchase of plant and equipment	**(70,111)**	(565,754)
Net cash used in investing activities	**(70,111)**	(565,754)
Cash flows from financing activities		
Capital element of lease rentals paid	**(78,944)**	-
Interest element of lease rentals paid	**(9,920)**	-
Net (repayment for)/proceeds from secured bank borrowings	**(19,435,840)**	13,422,360
Net cash (used in)/generated from financing activities	**(19,524,704)**	13,422,360
Net increase/(decrease) in cash and cash equivalents	**2,842,925**	(740,466)
Cash and cash equivalents at beginning of year	**1,775,204**	2,515,670
Effect of foreign exchange rate changes	**17,425**	-
Cash and cash equivalents at end of year	**4,635,554**	1,775,204

The notes on pages 10 to 36 form an integral part of these financial statements.

Statement of changes in equity for the year ended 31 March 2021

	Share capital	Translation reserve	Retained earnings/ (Accumulated losses)	Total
	HK$	HK$	HK$	HK$
At 1 April 2019	778,000	-	(2,639,765)	(1,861,765)
Profit and total comprehensive income for the year	-	-	6,031,822	6,031,822
Balance at 31 March 2020 and 1 April 2020	778,000	-	3,392,057	4,170,057
Profit and total comprehensive income for the year	-	47,828	27,569,101	27,616,929
Balance at 31 March 2021	**778,000**	**47,828**	**30,961,158**	**31,786,986**

The notes on pages 10 to 36 form an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2021

1. GENERAL INFORMATION

Techno Design HK Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The Company's registered office and principal place of business is at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Company's immediate holding company is Multinational Textile Group Limited, which is incorporated in Mauritius, and the ultimate holding company of the Company is PDS Multinational Fashions Limited., which is incorporated in India and its shares are listed on the Bombay Stock Exchange (Stock Code: 538730) and National Stock Exchange in India (Stock Code: PDSMFL).

The principal activity of the Company is garment trading.

The financial statements for the year ended 31 March 2021 were approved for issue by the board of directors on 17 May 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements on pages 6 to 36 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance.

The significant accounting policies that have been used in the preparation of the financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Company's financial statements, if any, are disclosed in note 3.

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Foreign currency translation

The financial statements are presented in Hong Kong Dollars ("HK$"), which is also the functional currency of the Company.

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated 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 retranslated.

2.3 Property, plant and equipment

Property, plant and equipment (including right-of-use assets) are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionally of the related equipment is capitalised as part of that equipment.

Subsequent costs 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 Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred. Depreciation of plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Computer equipment	33%
Furniture and fixtures	25% - 33%
Motor vehicle	33%
Office equipment	33%
Software	33%
Right-of-use assets	Over the shorter of lease terms or useful live
Leasehold improvement	Over the shorter of lease terms or useful live

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Property, plant and equipment (Continued)

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at each reporting date.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Impairment of non-financial assets

Plant and equipment (including right-of-use assets) are subject to impairment test whenever there are indications that the assets' carrying amounts may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows that are largely independent of the cash flows from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash generating unit). As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

Impairment loss recognised for cash generating unit is allocated to reduce the carrying amounts of the assets in the cash generating unit on pro rata basis. In allocating the impairment loss, the carrying amount of an asset will not be reduced below its fair value less costs of disposal, value in use or zero. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised in prior years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15, all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("FVTPL"), plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial assets, other than those designated and effective as hedging instruments, are classified into the amortised cost.

The classification is determined by both:

- the entity's business model for managing the financial asset; and

- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, other income or other financial items, except for expected credit losses ("ECL") of trade receivables which is presented in other operating expenses.

Subsequent measurement of financial assets

Debt investments

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as fair value through profit or loss):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and other receivables, cash and bank balances and amount due from directors and fellow subsidiaries fall into this category of financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Financial instruments (Continued)

Classification and measurement of financial liabilities

The Company's financial liabilities include trade and other payables, lease liabilities, amounts due to fellow subsidiaries and immediate holding company and bank borrowings.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

Trade and other payables, lease liabilities and amounts due to fellow subsidiaries

Trade and other payables, lease liabilities and amounts due to fellow subsidiaries are recognised initially at fair values and subsequently measured at amortised costs, using the effective interest method.

Bank borrowings

Bank borrowings are recognised initially at fair values, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Bank borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

2.6 Impairment of financial assets

HKFRS 9's impairment requirements use more forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.

The Company considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade receivables

For trade receivables, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Company has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Other financial assets measured at amortised cost

The Company measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Impairment of financial assets (Continued)

Other financial assets measured at amortised cost (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment of debtor that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Company considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Com[any, in full (without taking into account any collateral held by the Company).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost, which comprises all cost of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, and is determined using the FIFO method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses.

2.8 Cash and Cash Equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.9 Leases

Definition of a lease and the Company as a lessee

At inception of a contract, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Leases (Continued)

Measurement and recognition of leases as a lessee (continued)

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Company is reasonably certain to obtain ownership at the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments. Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

2.10 Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Company, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.12 Revenue recognition

Revenue arises mainly from the sales of garments.

To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Further details of the Company's revenue recognition policies are as follows:

Sales of garment

Revenue from the sale of garment is recognised when (or as) the Company transfers control of the assets to the customer. For stand-alone sales of garment that are neither customised by the Company nor subject to significant integration services, control transfers at the point in time the customer takes delivery of the goods.

Service income

Service income is recognised when the services are rendered as the criteria of recognising revenue over time is not met.

Interest income

Interest income is recognised on an accrual basis using effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Retirement benefits

The Company's contributions to the mandatory provident fund scheme are charged to the statement of profit or loss as incurred.

The Company's employees who have completed the required number of years of service to the Company are eligible for long service payments in the event of the termination of their employment.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Company to the end of reporting period.

2.14 Employee benefits

Employee benefits are all forms of considerations, including wages, salaries, allowances and contribution to retirement benefit scheme payable by the Company in exchange for services rendered by its employees and directors. The employee benefits are classified as staff costs and charged to the c statement of profit or loss and other comprehensive income.

No provision on employees' entitlements to unconsumed annual leaves as of the end of reporting period is provided in the financial statement as such leaves are not permitted to be carried forward and utilised by the respective employees in the following year. Sick leave and maternity leave are recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting year, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investment in a subsidiary, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the year the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Company has the legally enforceable right to set off the recognised amounts; and
(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Related parties

For the purpose of these financial statements, a party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and if that party:
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company.

(b) the party is an entity and if any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. ADOPTION OF NEW OR AMENDED HKFRSs

3.1 New and amended HKFRSs that are effective for annual periods beginning from 1 April 2020

In the current year, the Company has applied for the first time all new and amended HKFRSs issued by the HKICPA, which are relevant to the Company's operations and effective for the Company's financial statements for the annual period beginning from 1 April 2020. The application of these new and amended HKFRSs do not have any material impact on the Company's results and financial positions for the current or prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Company.

The directors anticipated that all pronouncements will be adopted in the Company's accounting policy for the first accounting period beginning after the effective dates of the pronouncements but are not expected to have a material impact on the Company's financial statements. Information on these new pronouncements that are expected to be relevant to the Company's financial statements is provided below.

HKFRS 17	*Insurance Contracts and related amendments*[3]
Amendments to HKFRS 3	*Reference to Conceptual Framework*[5]
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 16	*Covid-19-Related Rent Concessions*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Amendments to HKFRSs	*Annual Improvements to HKFRS Standards 2018-2020*[2]
Accounting Guideline 5 (Revised)	*Merger Accounting for Common Control Combination*[5]

[1] Effective for annual periods beginning on or after 1 January 2021

[2] Effective for annual periods beginning on or after 1 January 2022

[3] Effective for annual periods beginning on or after 1 January 2023

[4] Effective date not yet determined

[5] Effective for business combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

[6] Effective for annual periods beginning on or after 1 June 2020

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant 1isk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit loss on trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision matrix calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Depreciation on plant and equipment

Depreciation on the Company's plant and equipment is calculated using the straight-line method to allocate cost up to residual values over the estimated useful lives of the assets. Management reviews the useful lives and residual values periodically to ensure that the method and rate of depreciation are consistent with the expected pattern of realisation of economic benefits rates of depreciation are consistent with the expected pattern of realisation of economic benefits from plant and equipment. The accounting estimate of the useful lives of plant and equipment is based on historical experience, taking into account anticipated technological changes

4.2 Critical accounting judgements

Revenue from contracts with customers

The Company assesses its revenue arrangements against specific criteria, i.e. whether it has exposure to the significant risks and rewards associated with the sale of goods & rendering of services, in order to determine if it is acting as a principal or as an agent. The Company has concluded that it is operating on a principal to principal basis in all its revenue arrangements.

The Company applies judgement to determine whether each product or service promised to a customer are capable of being distinct, and are distinct in the context of contract, if not the promised services are combined and accounted as a single performance obligation.

For performance obligation where control is transferred over the time, revenues are recognised by measuring progress towards completion of the performance obligation. The selection of the method to measure progress towards completion requires judgement and is based on the nature of the promised service to be rendered.

5. REVENUE

Revenue represents the fair value of the consideration received and receivables for sales of goods during the year, net of rebates and discounts.

6. OTHER REVENUE AND OTHER INCOME

	2021 HK$	2020 HK$
Other revenue		
Commission income	**5,202,683**	4,464,613
Consulting fee income	**4,699,395**	-
Management income	**180,945**	178,174
Interest income	**2,089**	-
Recharging income to supplier	**6,787,313**	3,603,185
	16,872,425	8,245,972
Other income		
Exchange gain, net	**-**	294,062
Sundry income	**182,732**	238,150
	182,732	532,212
	17,055,157	8,778,184

7. FINANCE COSTS

	2021 HK$	2020 HK$
Interest on bank borrowing and overdraft	**1,299,201**	1,862,761
Interest on lease liabilities	**9,920**	-
	1,309,121	1,862,761

8. PROFIT BEFORE INCOME TAX

Profit before income tax is stated after (crediting)/charging:

	2021 HK$	2020 HK$
Auditors' remuneration	**50,413**	39,000
Depreciation:		
- Owned assets	**258,597**	179,098
- Right-of-use assets	**76,319**	-
Exchange loss/(gain), net	**35,130**	(294,062)
Short-term lease charges with lease term within 12 months	**129,345**	95,429
Staff costs (including directors' remuneration)		
- Salaries and allowance	**2,662,555**	4,582,887
- Other staff costs	**693,699**	198,258

9. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided in these financial statements as the income of the Company neither arises in nor is derived from Hong Kong. In the opinion of the directors, the Company was not subject to any taxation in any other jurisdictions that the Company operates.

Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2021	2020
	HK$	HK$
Profit before income tax	**27,569,101**	6,031,822
Tax at the applicable tax rate of 16.5%	**4,548,902**	995,251
Tax effect of non-deductible expenses	**61,249,219**	34,033,163
Tax effect of non-taxable income	**(65,798,121)**	(35,028,414)
Income tax expense	**-**	-

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance (Cap. 622) and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2021	2020
	HK$	HK$
Fee	**168,569**	193,621
Other emoluments	**-**	-
	168,569	193,621

11. PLANT AND EQUIPMENT

	Leasehold improvement HK$	Furniture and fixtures HK$	Computer equipment HK$	Office equipment HK$	Other equipment HK$	Total HK$
Cost						
At 1 April 2019	212,237	10,362	34,407	139,496	53,526	450,028
Additions	65,768	233,030	175,684	79,989	11,283	565,754
At 31 March 2020 and 1 April 2020	278,005	243,392	210,091	219,485	64,809	1,015,782
Additions	27,372	42,739	-	-	-	70,111
Exchange realignment	179	280	-	-	-	459
At 31 March 2021	**305,556**	**286,411**	**210,091**	**219,485**	**64,809**	**1,086,352**
Accumulated depreciation						
At 1 April 2019	104,384	5,612	28,541	125,147	11,894	275,578
Charge for the year	61,364	37,474	33,015	27,524	19,721	179,098
At 31 March 2020 and 1 April 2020	165,748	43,086	61,556	152,671	31,615	454,676
Charge for the year	70,195	81,585	58,556	26,660	21,601	258,597
Exchange realignment	20	33	-	-	-	53
At 31 March 2021	**235,963**	**124,704**	**120,112**	**179,331**	**53,216**	**713,326**
Net carrying amount						
At 31 March 2021	**69,593**	**161,707**	**89,979**	**40,154**	**11,593**	**373,026**
At 31 March 2020	112,257	200,306	148,535	66,814	33,194	561,106

12. RIGHT-OF-USE ASSETS

	HK$
Cost	
At 1 April 2019, 31 March 2020 and 1 April 2020	-
Additions	263,381
At 31 March 2021	**263,381**
Accumulated depreciation	
At 1 April 2019, 31 March 2020 and 1 April 2020	-
Charge for the year	76,319
Exchange realignment	500
At 31 March 2021	**76,819**
Net carrying amount	
At 31 March 2021	**186,562**
At 31 March 2020	-

The lease terms of the leased office range from 1 to 3 years. Depreciation is provided to write off the cost of items of right-of-use assets over their expected useful lives using straight line method. When there is no reasonable certainty that ownership will be obtained by the end of the lease term, the assets are depreciated over the lease term.

The Company does not have the option to purchase the right-of-use assets for a nominal amount at the end of the lease terms.

13. INVENTORIES

	2021 HK$	2020 HK$
Finished goods in transit	**12,570,717**	-
Raw materials	**1,108,445**	1,289,313
	13,679,162	1,289,313

14. TRADE AND OTHER RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables		
- Third parties	**64,421,989**	103,893,922
- Related companies	**1,923,652**	1,923,652
	66,345,641	105,817,574
Prepayments, deposits and other receivables	**6,026,593**	5,081,211
	72,372,234	110,898,785

Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

No ECL allowance of trade receivables was recognised during the year (2020: Nil).

The directors of the Company consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The aging analysis of trade receivables (net of impairment loss) that are past due at the reporting date but not individually considered to be impaired is included in the following analysis:

	2021 HK$	2020 HK$
Current	**44,028,745**	89,332,438
Past due		
Less than 30 days	**17,115,534**	8,761,090
31 to 90 days	**3,259,158**	3,469,852
Over 90 days	**1,942,204**	4,254,194
	22,316,896	16,485,136
	66,345,641	105,817,574

15. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/A DIRECTOR

The amounts due are interest free, unsecured and have no fixed repayment terms.

16. TRADE AND OTHER PAYABLES

	2021 HK$	2020 HK$
Trade payables	**46,958,785**	35,164,150
Other payables and accruals	**9,176,079**	6,954,500
	56,134,864	42,118,650

17. SECURED BANK BORROWINGS

The carrying amount of the secured bank borrowings at the end of reporting period is analysed as follows:

	2021 HK$	2020 HK$
Amount repayable within one year:		
Clean import loans	**-**	18,204,641
Discounted bills loans	**4,275,429**	16,613,047
Trust receipt loans	**24,031,189**	12,924,770
	28,306,618	47,742,458

As at 31 March 2021, the secured bank borrowings bears interest at LIBOR + 2% (2020: LIBOR + 2%) per annum and secured by the details as set out in note 20 to the financial statements.

18. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Company's lease liabilities as at the reporting date:

	2021		2020	
	Present value of the minimum lease payments HK$	**Total minimum lease payments HK$**	Present value of the minimum lease payments HK$	Total minimum lease payments HK$
Within 1 year	**127,711**	**139,255**	-	-
After 1 year but within 2 years	**56,726**	**58,023**	-	-
Total	**184,437**	**197,278**	-	-
Less: total future interest expenses	**-**	**(12,841)**	-	-
Present value of lease liabilities	**184,437**	**184,437**	-	-

19. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
100,000 ordinary shares	**778,000**	778,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. BANKING FACILITIES

General banking facilities granted by various banks were secured by the fellow subsidiaries' corporate guarantee, ultimate holding and immediate holding companies' corporate guarantee. directors' personal guarantee, life insurance policy and fellow subsidiary's properties.

21. CONTINGENT LIABILITIES

The Company had the following contingent liabilities not provided for in the financial statements at the end of reporting period:

	2021 HK$	2020 HK$
Irrevocable letters of credit	**21,305,415**	17,021,206

At the end of reporting period, there were mutual guarantees between the Company and its fellow subsidiaries.

22. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

(i) To safeguard the Company's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
(ii) To support the Company's stability and growth; and
(iii) To provide capital for the purpose of strengthening the Company's risk management capability.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. The Company actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes in the objectives, policies or processes for managing capital were made during the years ended 31 March 2021 and 2020.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Company is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk.

Policies for managing these risks are set by the Company's board of directors. The overall objectives in managing financial risks focus on securing the Company's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

It is not the Company's policy to actively engage in the trading of financial instruments for speculative purposes.

23.1 Categories of financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and financial liabilities:

	2021 **HK$**	2020 HK$
Financial assets		
Financial assets measured at amortised cost		
Trade and other receivables	**66,976,139**	106,178,283
Amounts due from fellow subsidiaries	**30,538,709**	24,895,915
Cash and cash equivalents	**4,635,554**	1,775,204
	102,150,402	132,849,402
Financial liabilities		
Financial liabilities measured at amortised costs		
Amounts due to fellow subsidiaries	**3,889,889**	43,935,148
Amount due to a director	**1,482,453**	1,454,010
Lease liabilities	**184,437**	-
Trade and other payables	**56,134,864**	42,118,650
Secured bank borrowings	**28,306,618**	47,742,458
	89,998,261	135,250,266

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.2 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Company. The Company's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Company's maximum exposure to credit risk on recognised financial assets is limited to the carrying amount at the reporting date as summarised in note 23.1.

The Company manages its credit risk associated with exposure to the customers on outstanding trade receivables through the application of credit approvals, credit ratings and other monitoring procedures.

Trade receivables are non-interest bearing and are generally credit term of 30 to 90 days.

The Company applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. At each reporting dates, the Company applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL. In addition, the Company assesses ECL under HKFRS 9 on trade receivables based on provision matrix, the expected loss rates are based on the historical credit losses. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

In respect of other financial assets, including other receivables and amounts due from related parties, the management measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.3 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is primarily exposed to foreign exchange risk arising from currency exposures of the United States dollars ("USD"), Euro ("EUR"), British Pounds ("GBP"), Sri Lankan Rupee ("LKR") and Bangladeshi Taka ("BDT") with respect to the Hong Kong dollar. The Company will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Foreign currency denominated financial assets and liabilities, translated into HKD at the closing rates, are as follows:

	EUR	USD	GBP	LKR	BDT	Total
At 31 March 2021						
Trade receivables and other receivables	**-**	**66,868,629**	**-**	**66,686**	**40,824**	**66,976,139**
Cash and cash equivalents	**240,882**	**4,163,771**	**4,637**	**136,538**	**75,084**	**4,620,912**
Trade and other payables	**(1,805,242)**	**(53,186,117)**	**-**	**(624,619)**	**(518,887)**	**(56,134,864)**
Finance lease liabilities	**-**	**-**	**-**	**-**	**(184,437)**	**(184,437)**
Secured bank borrowings	**-**	**(28,306,618)**	**-**	**-**	**-**	**(28,306,618)**
Overall net exposure	**(1,564,360)**	**(10,460,335)**	**4,637**	**(421,395)**	**(587,416)**	**(13,028,869)**
At 31 March 2020						
Trade receivables and other receivables	1,343,683	104,767,914	-	66,686	-	106,178,283
Cash and cash equivalents	1,378,791	368,565	15,810	-	-	1,763,166
Trade and other payables	(1,005,560)	(41,113,090)	-	-	-	(42,118,650)
Secured bank borrowings	-	(47,742,458)	-	-	-	(47,742,458)
Overall net exposure	1,716,914	16,280,931	15,810	66,686	-	18,080,341

The following table indicates the approximate change in the Company's profit after tax in response to reasonably possible changes (e.g. ±10%) in the foreign exchange rates to which the Company has significant exposure at the end of reporting period.

	2021		2020	
	Increase	**Decrease**	Increase	Decrease
EUR	**156,436**	**(156,436)**	171,691	(171,691)
GBP	**464**	**(464)**	1,581	(1,581)
LKR	**42,140**	**(42,140)**	6,669	(6,669)
BDT	**58,742**	**(58,742)**	-	-
	257,782	**(257,782)**	179,941	(179,941)

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.3 Foreign currency risk (continued)

The same % depreciation in the Company's functional currency against the respective foreign currencies would have the same magnitude on the Company's profit for the year and equity but of opposite effect.

The stated changes represent management's assessment of reasonably possible change in foreign exchange rates over the period until the end of next annual reporting period. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any change in movement in value of the United States dollar against other currencies.

23.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash. Due to the dynamic nature of the underlying businesses, the Company aims to maintain flexibility in funding by keeping committed credit lines available.

The following table summarises the remaining contractual maturities at the reporting date of the Company's financial liabilities, which are based on undiscounted cash flows:

	Within one year HK$	In the second year HK$	Total undiscounted amount HK$	Carrying amount HK$
2021				
Lease liabilities	**139,255**	**58,023**	**197,278**	**184,437**

Except for the lease liabilities disclosed above, all other financial liabilities were matured within one year, the undiscounted amount of the financial liabilities are not materially different from their carrying amount because of the immediate or short term maturity.

23.5 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's interest rate risk arises primarily from borrowings bears variable rates as set out in note 17.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (CONTINUED)

23.5 Interest rate risk (continued)

If the interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's post-tax profit for the year ended 31 March 2021 would increase/decrease by approximately HK$283,000 (2020: approximately HK$477,000).

The sensitivity analysis is prepared assuming financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

24. RELATED PARTY TRANSACTIONS

During normal course of business , the Company had the following transactions with the related parties below

Name of company	Nature of relationship	Nature of transaction	2021 HK$	2020 HK$
Design Are Asia Limited, Hong Kong	Fellow subsidiary	- Intercompany sales	-	30,898,7811
		- Commission expenses	-	233,400
		- Commission income	452,629	-
Dizbi Private Limited	Fellow subsidiary	- SAP expenses	124,480	-
Fareast Vogue Limited, Hong Kong	Fellow subsidiary	- Commission expenses	3,798,751	1,089,309
		- Travel local	20,140	-
Spring Near East Manufacturing Co. Limited, Hong Kong	Fellow subsidiary	- Sourcing commission	-	28,523
		- Commission expenses	27,283	-
		- Staff welfare expenses	842	-
Technocian Fashions Private Limited, India	Fellow subsidiary	- Management income	-	178,174
		- Marketing fee income	180,945	-
Techno Design, GMBH., Germany	Fellow subsidiary	- Commission income	4,607,994	4,464,613
		- Commission expenses	-	2,345,231
Sourcing Solution Limited, Hong Kong	Related company	- Commission expenses	1,144,183	862,807
		- Travel local	1,424	-
Norwest Industries Limited	Fellow subsidiary	- Compliance expenses	208,879	-
		- Cost of additional security	865,183	-
Multinational Textile Company Limited, Mauritius	Immediate holding company	- Management fees	1,531,842	760,502
		- Consulting fees income	2,778,580	2,178,400
		- SAP expenses	-	62,240
		- Marketing fee expenses	200,491	-
		- Miscellaneous income	98,343	-
Rajive RANJAN	Director	- Consultancy fee	2,022,816	1,736,495
Birthe SIEMERS	Director	- Consultancy fee	-	12,526

In addition, during the year, the Company paid recharging expenses to group entities amounted to HK$10,689,438 (2020: HK$13,035,553).

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Company's liabilities arising from financing activities were as follows:

	Secured bank borrowings HK$	Lease liabilities HK$	Total HK$
As at 1 April 2019	34,320,098	-	34,320,098
Cash flows			
Net proceeds from bank borrowings	13,422,360	-	13,422,360
Payment of interests	(1,862,761)	-	(1,862,761)
Non-cash changes			
Interests incurred	1,862,761	-	1,862,761
As at 31 March 2020 and 1 April 2020	47,742,458	-	47,742,458
Cash flows			
Payment of lease liabilities	-	(78,944)	(78,944)
Net repayment of bank borrowings	(19,435,840)	-	(19,435,840)
Payment of interests	(1,299,201)	(9,920)	(1,309,121)
Non-cash changes			
Interest charges	1,299,201	9,920	1,309,121
Recognition of right of use assets in respect of lease entered during the year	-	263,381	263,381
As at 31 March 2021	**28,306,618**	**184,437**	**28,491,055**

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

Report of the Directors and Audited Financial Statements

TWINS ASIA LIMITED

31 March 2021

Building a better
working world

TWINS ASIA LIMITED

CONTENTS

TWINS ASIA LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2021.

Principal activity
The Company's principal activity has not changed during the year and consisted of the trading of garments.

Results and dividends
The Company's profit for the year ended 31 March 2021 and its financial position at that date are set out in the financial statements on pages 5 to 36.

The first interim 2021 dividend of US$18 per ordinary share and the second interim 2021 dividend of US$33 per ordinary share were declared on 30 September 2020 and 31 December 2020, respectively.

Directors
The directors of the Company during the year were:

Pallak Seth
Deepak Kumar Seth
Payel Seth

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Directors' interests
At no time during the year was the Company or any of its holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in transactions, arrangements or contracts
The director had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which the Company or any of its holding companies, fellow subsidiaries or subsidiary was a party during the year.

Auditors
Ernst & Young retires and a resolution for its reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Pallak Seth
Chairman

Hong Kong
27 May 2021

EY 安永

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

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Independent auditor's report
To the member of Twins Asia Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of Twins Asia Limited (the "Company") set out on pages 5 to 36, which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion
We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon
The directors are responsible for the other information. The other information comprises the information included in the report of the directors.

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

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

EY 安永

Independent auditor's report (continued)
To the member of Twins Asia Limited
(Incorporated in Hong Kong with limited liability)

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent auditor's report (continued)
To the members of Twins Asia Limited
(Incorporated in Hong Kong with limited liability)

Auditor's responsibilities for the audit of the financial statements (continued)
We communicate with the board of directors 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.

Ernst & Young

Certified Public Accountants
Hong Kong
27 May 2021

TWINS ASIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
REVENUE	5	367,164,719	387,467,366
Cost of sales		(326,946,331)	(349,429,109)
Gross profit		40,218,388	38,038,257
Other income and gains	5	1,415,498	3,128,226
Selling and distribution expenses		(1,102,953)	(321,547)
Administrative expenses		(13,192,744)	(12,777,177)
Other operating expenses		(766,483)	(827,424)
Finance costs	7	(2,032,869)	(9,368,420)
PROFIT BEFORE TAX	6	24,538,837	17,871,915
Income tax expense	9	-	-
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,538,837	17,871,915
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit		(117,499)	(1,411,122)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(117,499)	(1,411,122)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		24,421,338	16,460,793

TWINS ASIA LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2021

	Notes	2021 HK$	2020 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	991,226	1,317,930
Right-of-use assets	12(a)	851,903	237,441
Total non-current assets		1,843,129	1,555,371
CURRENT ASSETS			
Trade receivables	13	88,741,509	27,461,115
Prepayments and deposits	14	163,083	316,353
Due from the immediate holding company	20(b)	25,607,544	77,249,028
Due from fellow subsidiaries	20(b)	29,544	827,780
Cash and cash equivalents		2,254,014	9,310,075
Total current assets		116,795,694	115,164,351
CURRENT LIABILITIES			
Trade and bills payables		88,328,454	42,105,982
Other payables and accruals	15	5,514,847	2,887,510
Interest-bearing bank borrowings	17	926,472	28,220,466
Due to fellow subsidiaries	20(b)	466,783	1,600,699
Lease liabilities	12(b)	706,268	135,065
Total current liabilities		95,942,824	74,949,722
NET CURRENT ASSETS		20,852,870	40,214,629
TOTAL ASSETS LESS CURRENT LIABILITIES		22,695,999	41,770,000
NON-CURRENT LIABILITIES			
Other payable	15	2,138,620	1,680,678
Lease liabilities	12(b)	190,386	108,867
Total non-current liabilities		2,329,006	1,789,545
Net assets		20,366,993	39,980,455
EQUITY			
Share capital	18	778,000	778,000
Retained profits		19,588,993	39,202,455
Total equity		20,366,993	39,980,455

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Deepak Kumar Seth
Director

Pallak Seth
Director

TWINS ASIA LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

	Note	Share capital HK$	Retained profit HK$	Total equity HK$
At 1 April 2019		778,000	22,741,662	23,519,662
Profit for the year		-	17,871,915	17,871,915
Other comprehensive loss for the year:				
Remeasurement of defined benefit plan, net of tax		-	(1,411,122)	(1,411,122)
Total comprehensive income for the year		-	16,460,793	16,460,793
At 31 March 2020 and 1 April 2020		778,000	39,202,455	39,980,455
Profit for the year		-	24,538,837	24,538,837
Other comprehensive loss for the year:				
Remeasurement of defined benefit plan, net of tax		-	(117,499)	(117,499)
Total comprehensive income for the year		-	24,421,338	24,421,338
Final 2020 dividend	10	-	(4,356,800)	(4,356,800)
First interim 2021 dividend	10	-	(14,004,000)	(14,004,000)
Second interim 2021 dividend	10	-	(25,674,000)	(25,674,000)
At 31 March 2021		778,000	19,588,993	20,366,993

TWINS ASIA LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2021

	Notes	2021 HK$	2020 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		24,538,837	17,871,915
Adjustments for:			
Interest income	5	(8)	(6)
Depreciation of property, plant and equipment	6	636,083	586,940
Depreciation of right-of-use assets	6	668,626	606,158
Finance costs	7	2,032,869	9,368,420
Impairment/(reversal of impairment) of trade receivables	6	69,765	(66,389)
Covid-19-related rent concessions from lessors	5	(42,797)	-
		27,903,375	28,367,038
Decrease/(increase) in trade receivables		(61,350,159)	2,306,000
Decrease/(increase) in prepayments and deposits		153,270	(145,827)
Changes in balance with the immediate holding company		51,641,484	(22,986,102)
Changes in balances with fellow subsidiaries		(335,680)	(274,402)
Increase in trade and bills payables		46,222,472	11,750,723
Increase in other payables and accruals		2,967,780	1,249,293
Cash generated from operations		67,202,542	20,266,723
Interest received		8	6
Interest paid		(2,007,134)	(9,349,851)
Net cash flows from operating activities		65,195,416	10,916,878
CASH FLOWS FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(309,379)	(183,844)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank borrowings		(192,211,674)	(273,661,913)
New bank loans		164,917,680	261,879,745
Dividend paid		(44,034,800)	-
Principal portion of lease payments		(587,569)	(623,201)
Interest element of lease liabilities		(25,735)	(18,569)
Net cash flows used in financing activities		(71,942,098)	(12,423,938)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,056,061)	(1,690,904)
Cash and cash equivalents at beginning of year		9,310,075	11,000,979
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,254,014	9,310,075
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		2,254,014	9,310,075

1. CORPORATE INFORMATION

Twins Asia Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

The Company is a subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, the Company's ultimate holding company is PDS Multinational Fashions Limited, a company incorporated in India with shares listed on the National Stock Exchange of India Limited.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$").

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted *the Conceptual Framework for Financial Reporting 2018* and following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Company.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Company as the Company does not have any interest rate hedging relationships.

(c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 March 2021, certain monthly lease payments for the lease of the Company have been reduced by the lessor as a result of COVID-19 pandemic and there are no other changes to the terms of the lease. The Company has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concession granted by the lessor as a result of the pandemic during the year ended 31 March 2021. Accordingly, a reduction in the lease payments arising from the rent concession of HK$42,797 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 March 2021.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform - Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

[1] Effective for annual periods beginning on or after 1 January 2021
[2] Effective for annual periods beginning on or after 1 January 2022
[3] Effective for annual periods beginning on or after 1 January 2023
[4] No mandatory effective date yet determined but available for adoption
[5] As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
[6] As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties
A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person
   (i) has control or joint control over the Company;
   (ii) has significant influence over the Company; or
   (iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:
   (i) the entity and the Company are members of the same group;
   (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
   (iii) the entity and the Company are joint ventures of the same third party;
   (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;
   (vi) the entity is controlled or jointly controlled by a person identified in (a);
   (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
   (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated principal annual rate used for office equipment, furniture and fixtures and leasehold improvement is $33\frac{1}{3}\%$.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Leases</u>
The Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any 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 assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance 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 Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. 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 lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(c) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is 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 recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement of financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights 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 risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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 Company could be required to repay.

Impairment of financial assets

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
At each reporting date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities of the Company are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement of loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax
Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Dividends
Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the garments.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Foreign currency transactions

These financial statements are presented in HK$, which is the Company's functional currency. Foreign currency transactions are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Other employee benefits

Defined benefit plan

The Company's liability for termination benefit and earned leave for its employees is pursuant to Bangladesh Labour Act and is based on the most recent salary of the employees, number of completed years of service and number of working days.

The cost of providing termination benefit and earned leave is determined based on the valuations performed by an independent actuary. Remeasurements arising from a defined benefit pension plan, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligations under "administrative expenses" in profit or loss by function:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for income tax
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Provision for expected credit losses on trade receivables
The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 13 to the financial statements.

Defined benefit plan
The determination of the Company's obligation and cost for defined benefits is performed by independent actuary engaged by the Company and dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include among others, discount rates and future annual salary increases. In accordance with the Company's accounting policy for pension obligations, actual results that differ from the Company's assumptions are recognised immediately in other comprehensive income as and they occur. While the Company believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in the Company's assumptions may materially affects its pension and other retirement obligations.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Leases – Estimating the incremental borrowing rate
The Company cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2021 HK$	2020 HK$
Revenue from contracts with customers		
Sale of goods	367,164,719	387,467,366

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

(ii) Performance obligations
Information about the Company's performance obligations is summarised below:

Sale of garment products
The performance obligation is satisfied upon delivery of the garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	2021 HK$	2020 HK$
Other income and gains		
Interest income	8	6
Penalty from suppliers	952,541	2,907,005
Covid-19-related rent concessions from lessors	42,797	-
Foreign exchange difference, net	70,553	-
Others	349,599	221,215
	1,415,498	3,128,226

6. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2021 HK$	2020 HK$
Auditor's remuneration		29,595	30,000
Depreciation for property, plant and equipment	11	636,083	586,940
Depreciation for right-of-use assets	12(a)	668,626	606,158
Lease payment not included in the measurement of lease liabilities		16,476	97,604
Covid-19-related rent concessions from lessors		(42,797)	-
Employee benefit expense (excluding directors' remuneration (note 8)):			
Salaries and allowances		4,326,174	3,929,686
Defined benefit scheme	16	340,443	269,556
		4,666,617	4,199,242
Foreign exchange difference, net#		(70,553)	144,898
Impairment/(reversal of impairment) of trade receivables	13	69,765	(66,389)

\# These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2021 HK$	2020 HK$
Interest on bank loans	1,301,646	7,751,521
Interest on letters of credit	705,488	1,596,774
Interest on lease liabilities	25,735	18,569
Others	-	1,556
	2,032,869	9,368,420

8. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2020: Nil).

9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits in Hong Kong during the year (2020: Nil).

A reconciliation of the tax expense applicable to profit before tax using the Hong Kong statutory rate of 16.5% (2020: 16.5%) to the tax amount at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021 HK$	2020 HK$
Profit before tax	24,538,837	17,871,915
Tax expense at the statutory tax rate	4,048,908	2,948,866
Income not subject to tax	(6,869,591)	(6,792,470)
Expenses not subject to tax	2,820,683	3,843,604
Tax at the effective tax rate	-	-

There was no unprovided deferred tax in respect of the year and as at the end of the reporting period (2020: Nil).

10. DIVIDEND

	2021 HK$	2020 HK$
Final - Nil (2020: US$5.6) per ordinary share	-	4,356,800
First interim - US$18.0 (2020: Nil) per ordinary share	14,004,000	-
Second interim - US$33.0 (2020: Nil) per ordinary share	25,674,000	-
	30,678,000	4,356,800

11. PROPERTY, PLANT AND EQUIPMENT

31 March 2021	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 31 March 2020 and at 1 April 2020:				
Cost	46,861	1,276,971	1,077,683	2,401,515
Accumulated depreciation	(46,861)	(515,151)	(521,573)	(1,083,585)
Net carrying amount	-	761,820	556,110	1,317,930
At 1 April 2020, net of accumulated depreciation	-	761,820	556,110	1,317,930
Additions	-	294,282	15,097	309,379
Depreciation provided during the year	-	(392,803)	(243,280)	(636,083)
At 31 March 2021, net of accumulated depreciation	-	663,299	327,927	991,226
At 31 March 2021:				
Cost	46,861	1,571,253	1,092,780	2,710,894
Accumulated depreciation	(46,861)	(907,954)	(764,853)	(1,719,668)
Net carrying amount	-	663,299	327,927	991,226

11. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2020	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
At 1 April 2019:				
Cost	46,861	1,255,764	915,046	2,217,671
Accumulated depreciation	(39,018)	(197,887)	(259,740)	(496,645)
Net carrying amount	7,843	1,057,877	655,306	1,721,026
At 1 April 2019, net of accumulated depreciation	7,843	1,057,877	655,306	1,721,026
Additions	-	21,207	162,637	183,844
Depreciation provided during the year	(7,843)	(317,264)	(261,833)	(586,940)
At 31 March 2020, net of accumulated depreciation	-	761,820	556,110	1,317,930
At 31 March 2020:				
Cost	46,861	1,276,971	1,077,683	2,401,515
Accumulated depreciation	(46,861)	(515,151)	(521,573)	(1,083,585)
Net carrying amount	-	761,820	556,110	1,317,930

12. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 2 and 3 years.

(a) Right-of-use assets

The carrying amounts of the Company's right-of-use assets and the movements during the year are as follows:

	Properties HK$
As at 1 April 2019	673,457
New leases	170,142
Depreciation charge	(606,158)
As at 31 March 2020 and 1 April 2020	237,441
New leases	1,283,088
Depreciation charge	(668,626)
As at 31 March 2021	851,903

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2021 HK$	2020 HK$
Carrying amount as at1 April 2020	243,932	696,991
New leases	1,283,088	170,142
Accretion of interest recognised during the year	25,735	18,569
Covid-19-related rent concessions from lessors	(42,797)	-
Payments	(613,304)	(641,770)
Carrying amount at the end of the year	896,654	243,932
Analysed into:		
Current portion	706,268	135,065
Non-current portion	190,386	108,867

The maturity analysis of lease liabilities is disclosed in note 24 to the financial statements.

12. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$	2020 HK$
Interest on lease liabilities	25,735	18,569
Depreciation charge of right-of-use assets	668,626	606,158
Expenses related to short term leases and other leases with remaining lease term ended or before 31 March	16,476	97,604
Total amount recognised in profit or loss	710,837	722,331

13. TRADE RECEIVABLES

	2021 HK$	2020 HK$
Trade receivables	89,057,512	27,707,353
Less: Impairment	(316,003)	(246,238)
	88,741,509	27,461,115

The Company's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days, extending up to 90 days for major customers. The Company seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Company's trade and bills receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Company does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 HK$	2020 HK$
At beginning of year	246,238	312,627
Impairment losses/(reversal of impairment loss) (note 6)	69,765	(66,389)
At end of year	316,003	246,238

13. TRADE RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 March 2021

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.35%	0.36%	0.36%	0.43%	0.35%
Gross carrying amount (HK$)	82,334,211	6,262,235	67,500	393,566	89,057,512
Expected credit losses (HK$)	291,793	22,261	240	1,709	316,003

As at 31 March 2020

		Pass due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.89%	-	-	-	0.89%
Gross carrying amount (HK$)	27,707,353	-	-	-	27,707,353
Expected credit losses (HK$)	246,238	-	-	-	246,238

14. PREPAYMENTS AND DEPOSITS

	2021 HK$	2020 HK$
Prepayments	5,368	158,639
Deposits	157,715	157,714
	163,083	316,353

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 March 2021 and 2020, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	Note	2021 HK$	2020 HK$
Accrued employee benefits		4,122,901	2,702,209
Accruals		1,391,946	185,301
Defined benefit obligations	16	2,138,620	1,680,678
		7,653,467	4,568,188
Less: Portion classified as non-current liabilities		(2,138,620)	(1,680,678)
		5,514,847	2,887,510

16. DEFINED BENEFIT OBLIGATIONS

The Company made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2021 by Charan Gupta Consultants Pvt Ltd, a member of the Actuarial Society of India, using the projected unit credit actuarial valuation method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2021	2020
Discount rate (%)	7.0	9.2
Expected rate of salary increases (%)	5.0	6.0

16. DEFINED BENEFIT OBLIGATIONS (continued)

A quantitative sensitivity analysis for significant assumptions as at the end of the reporting period is shown below:

	Increase in rate %	Increase/ (decrease) in defined benefit obligations HK$	Decrease in rate %	Increase/ (decrease) in defined benefit obligations HK$
2021				
Discount rate	0.5	(78,454)	0.5	83,111
Future salary increase	0.5	84,432	0.5	(80,119)
2020				
Discount rate	0.5	(74,150)	0.5	78,814
Future salary increase	0.5	81,357	0.5	(76,655)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2021 HK$	2020 HK$
Current service cost	185,820	140,742
Interest cost	154,623	128,814
Net benefit expenses	340,443	269,556
Recognised in administrative expenses	340,443	269,556

The movements in the present value of the defined benefit obligations are as follows:

	2021 HK$	2020 HK$
At beginning of year	1,680,678	-
Current service cost	185,820	140,742
Net interest cost	154,623	128,814
Actuarial loss arising from experience adjustments	117,499	1,411,122
At 31 March	2,138,620	1,680,678

17. INTEREST-BEARING BANK BORROWINGS

	2021 HK$	2020 HK$
Trust receipt loans	926,472	28,220,466

The trust receipt loans as at 31 March 2021 were denominated in United States dollars (2020: United States dollars), interest-bearing at cost of funding London Interbank Offered Rate ("LIBOR") plus 2% (2020: LIBOR plus 2%) per annum and will be matured in 2021 (2020: matured in 2020).

The Company's interest-bearing bank borrowings are secured by guarantees from an intermediate holding company and directors of the immediate holding company.

18. SHARE CAPITAL

	2021 HK$	2020 HK$
Issued and fully paid:		
100,000 (2020: 100,000) ordinary shares	778,000	778,000

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Company had non-cash additions to right-of-use assets and lease liabilities of HK$1,283,088 (HK$170,142) and HK$1,283,088 (2020: HK$170,142), respectively, in respect of lease arrangements for office premises.

19. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Changes in liabilities arising from financing activities

	Lease Liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2019	696,991	40,002,634
New lease	170,142	-
Changes from financing cash flows, net	(641,770)	(11,782,168)
Interest expense	18,569	-
At 31 March 2020 and 1 April 2020	243,932	28,220,466
New lease	1,283,088	-
Changes from financing cash flows, net	(613,304)	(27,293,994)
Covid-19-related rent concessions from lessors	(42,797)	-
Interest expense	25,735	-
At 31 March 2021	896,654	926,472

20. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Company had the following transactions with related parties during the year:

	2021 HK$	2020 HK$
Intermediate holding company:		
Management fees paid	497,941	653,520
Fellow subsidiaries:		
Consulting fees paid	263,062	-
Income recharges received	-	382,562
SAP expense paid	7,780	-

(b) The balances with the immediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments and deposits, cash and cash equivalents, amounts due from the immediate holding company and fellow subsidiaries which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Company comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to fellow subsidiaries and lease liabilities, which are categorised as financial liabilities at amortised cost. The carrying amounts of financial liabilities included in other payables and accruals amounted to HK$1,391,946 (2020: HK$185,301). The carrying amounts of these financial liabilities other than financial liabilities included in other payables and accruals are the amounts shown on the statement of financial position or in the corresponding notes to the financial statements.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, deposits, cash and cash equivalents, trade and bill payables, financial liabilities included in other payables and accruals, current portion of lease liabilities, balances with the fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities/repayable on demand of these instruments or effect of discounting is not material.

The fair value of the non-current portion of lease liabilities has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Company's own non-performance risk for lease liabilities as at 31 March 2021 and 31 March 2020 were assessed to be insignificant.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

Credit risk
The Company's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Maximum exposure and year-end staging
The tables below shows the credit quality and the maximum exposure to credit risk based on the Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

As at 31 March 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	89,057,512	89,057,512
Financial assets included in prepayments and deposits					
- Normal**	157,715	-	-	-	157,715
Due from the immediate holding company					
- Normal**	25,607,544	-	-	-	25,607,544
Due from fellow subsidiaries					
- Normal**	29,544	-	-	-	29,544
Cash and cash equivalents					
- Not yet past due	2,254,014	-	-	-	2,254,014
	28,048,817	-	-	89,057,512	117,106,329

As at 31 March 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	27,707,353	27,707,353
Financial assets included in prepayments and deposits					
- Normal**	157,714	-	-	-	157,714
Due from the immediate holding company					
- Normal**	77,249,028	-	-	-	77,249,028
Due from fellow subsidiaries					
- Normal**	827,780	-	-	-	827,780
Cash and cash equivalents					
- Not yet past due	9,310,075	-	-	-	9,310,075
	87,544,597	-	-	27,707,353	115,251,950

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 13 to the financial statements.

** The credit quality of amounts due from the immediate holding company and fellow subsidiaries and financial assets included in prepayments and deposits is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

In the management of liquidity risk, the Company monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from its group companies.

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 March 2021

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	768,317	208,785	977,102
Trade and bill payables	88,328,454	-	88,328,454
Financial liabilities included in other payables and accruals	1,391,946	-	1,391,946
Due to fellow subsidiaries	466,783	-	466,783
Interest-bearing bank borrowings	926,472	-	926,472
	91,881,972	208,785	92,090,757

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)
As at 31 March 2020

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	142,381	114,623	257,004
Trade and bill payables	42,105,982	-	42,105,982
Financial liabilities included in other payables and accruals	185,301	-	185,301
Due to fellow subsidiaries	1,600,699	-	1,600,699
Interest-bearing bank borrowings	28,220,446	-	28,220,446
	72,254,809	114,623	72,369,432

Capital management
The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payments to its shareholder, return capital to its shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 2020.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 May 2021.

Twins Asia FZCO

Financial Statements
For the year ended March 31, 2021

Twins Asia FZCO
Financial Statements
For the year ended March 31, 2021

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TWINS ASIA FZCO

Office No. 5WA 304, Dubai Airport Free Zone, Dubai, UAE, PO Box no. 371590

Directors' report

The Directors have the pleasure in submitting their report together with the audited financial statements of Twins Asia FZCO ("the Company") for the year ended March 31, 2021.

1. Review of activities

Main business and operations

Twins Asia FZCO is engaged in the trading of garments accessories, handbags and leather products and readymade garments.

The operating results and financial position of the Company are fully set out in the attached financial statements. The Company reported a net profit of AED 2,371,557 for the year ended March 31, 2021 (2020: loss AED 185,999).

2. Directors

The Directors of the Company during the year and to the date of this report are as follows: -

- Mr. Deepak Kumar Seth;
- Mr. Pallak Seth;
- Ms. Payel Seth; and
- Mr. Rakesh Chada

3. Auditors

Grant Thornton were appointed as auditors of the Company for the year ended March 31, 2021 and being eligible, have offered themselves for re-appointment for the year ending March 31, 2022.

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Mr. Pallak Seth
Director

Dubai, United Arab Emirates

Grant Thornton UAE
Dubai
Rolex Tower, Level 23
Sheikh Zayed Road
P.O. Box 1620
Dubai, UAE

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Independent Auditor's Report
To the Shareholders of Twins Asia FZCO

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Twins Asia FZCO ("the Company"), which comprise the statement of financial position as at March 31, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 give a true and fair view of the financial position of the Company as at March 31, 2021, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, 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.

Other Matter

The financial statements of the Company for the period ended March 31, 2020 were audited by another auditor, who have expressed an unmodified opinion on those financial statements on 28 June 2020.

Grant Thornton

Independent Auditor's Report
To the Shareholders of Twins Asia FZCO

Report on the Audit of the Financial Statements (continued)

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 IFRSs and their preparation in compliance with the applicable provisions of Law No.25 of 2009 (as amended) concerning the Dubai Airport Free Zone 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 based on 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Grant Thornton

Independent Auditor's Report
To the Shareholders of Twins Asia FZCO

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

As required by Law No. 25 of 2009 (as amended) concerning the Dubai Airport Free Zone, we also confirm that we have obtained all the information and explanations necessary for our audit, proper books of account have been kept by the Company, stocktaking was conducted in accordance with established accounting principles and the contents of the Directors' report which relate to the financial statements are in agreement with the Company's books of account. To the best of our knowledge and belief no other violations of above-mentioned Law or of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position

Grant Thornton

Grant Thornton P.O. Box: 1620 DUBAI-U.A.E. Public Accountants

GRANT THORNTON
Farouk Mohamed
Registration No. 86

Dubai, September 9, 2021

Twins Asia FZCO
Financial Statements

Statement of financial position
As at March 31, 2021

	Notes	2021 AED	2020 AED
ASSETS			
Non-current			
Right-of-use asset	6	101,110	229,524
		101,110	229,524
Current			
Trade and other receivables	7	694,346	40,861
Cash and cash equivalents	8	2,282,992	181,743
Amounts due from related parties	9	235,586	31,997
		3,212,924	254,601
TOTAL ASSETS		3,314,034	484,125
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	100,000	100,000
Retained earnings/ (accumulated losses)		2,185,557	(185,999)
TOTAL EQUITY/(DEFICIT)		2,285,557	(85,999)
LIABILITIES			
Non-current			
Finance lease liability	11	-	128,799
		-	128,799
Current			
Trade and other payables	12	828,997	98,545
Amount due to related parties	9	199,480	342,780
		1,028,477	441,325
TOTAL LIABILITIES		1,028,477	570,124
TOTAL EQUITY/(DEFICIT) AND LIABILITIES		3,314,034	484,125

These financial statements for the year ended December 31, 2020 (including comparatives) were approved by the Board of Directors on September 9, 2021 and were signed on their behalf by:

Name
Director

Dubai, United Arab Emirates

The accompanying notes from 1 to 21 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17,2019 to March 31, 2020 AED
Revenue	13	**17,998,968**	1,045,553
Cost of sales	14	**(14,941,173)**	(919,927)
Gross profit		**3,057,795**	125,626
Other income	15	**17,550**	-
Administrative and general expenses	16	**(697,414)**	(300,598)
Finance cost	17	**(6,374)**	(11,027)
PROFIT/(LOSS) FOR THE YEAR/ PERIOD		**2,371,557**	(185,999)
Other comprehensive income for the year/period		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD		**2,371,557**	(185,999)

The accompanying notes from 1 to 21 form an integral part of these financial statements

Statement of changes in equity
For the year ended March 31, 2021

	Share capital	Retained earnings/ (accumulated losses)	Total equity/(deficit)
	AED	AED	AED
Share capital introduced	100,000	-	100,000
Net loss for the period	-	(185,999)	(185,999)
Balance at March 31, 2020	100,000	(185,999)	(85,999)
Net profit for the year	-	2,371,557	2,371,557
Balance at March 31, 2021	**100,000**	**2,185,557**	**2,285,557**

The accompanying notes from 1 to 21 form an integral part of these financial statements.

Statement of cash flows
For the year ended March 31, 2021

	Notes	2021 AED	For the period January 17,2019 to March 31, 2020 AED
OPERATING ACTIVITIES			
Net profit for the year/period		**2,371,557**	(185,999)
Adjustments for:			
Depreciation on right-of-use asset	16	**128,414**	131,157
Finance cost	17	**6,374**	11,027
COVID-19 related concession	15	**(13,513)**	-
Operating cash flows before working capital changes		**2,492,830**	(43,815)
Net changes in working capital:			
Trade and other receivables		**(653,485)**	(40,861)
Dues from related parties		**(203,589)**	(31,997)
Trade and other payables		**730,452**	98,545
Dues to related parties		**(143,300)**	342,780
Net cash generated from operating activities		**2,222,909**	324,652
Cash flows from financing activities			
Proceeds from share capital		**-**	100,000
Payment of lease liability	11	**(121,660)**	(242,909)
Net cash used in financing activities		**(111,660)**	(142,909)
Net increase in cash and cash equivalents		**2,101,249**	181,743
Cash and cash equivalents at the beginning of the year/period		**181,743**	-
Cash and cash equivalents, end of year/period	8	**2,282,992**	181,743

The accompanying notes from 1 to 21 form an integral part of these financial statements.

1 Legal status and nature of operations

Twins Asia FZCO ("the Company") is a free zone Company incorporated on January 17, 2019 in the Dubai Airport Free Zone pursuant to the Implementing Regulations issued thereunder by the Dubai Airport Free Zone Authority. The registered address of the Company is Office No. 304, 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The Company is a subsidiary of Multinational Textiles Group Limited, Mauritius ("the Parent Company"). PDS Multinational Fashions Limited, India is the Ultimate Parent Company.

The principal activity of the Company is trading in garments accessories, handbags and leather products and readymade garments. The Company has commenced its business activities from January 1, 2020.

2 Statement of compliance

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

3 Significant events during the reporting period

During the year, there was an outbreak of a global pandemic (COVID-19), causing significant disruption to economies and businesses across the globe including the Company. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on the macroeconomic forecasts did not have a significant impact in the Company's IFRS 9 estimates of expected credit loss provision at March 31, 2021. Management will continue to monitor the situation and assess the impact of this outbreak in fiscal year 2022.

4 Standards, interpretations and amendments to existing standards

4.1 Standards, interpretations and amendments to existing standards that are effective in 2020

Following relevant new amendments to existing standards were issued by the IASB, which are effective for the accounting period beginning on or after April 1, 2020 and have been adopted by the Company:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

The above amendments do not have a significant impact on these financial statements therefore the disclosures have not been made except for the following amendment which has a significant impact on the financial statements:

COVID-19 Rent Related Concessions (Amendments to IFRS 16)

On May 28, 2020, the IASB issued Covid-19-Related Rent Concessions – amendment to IFRS 16 'Leases'. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after June 1, 2020. Earlier application is permitted. The effect of applying the practical expedient is disclosed in note 11 to the financial statements.

4 Standards, interpretations and amendments to existing standards (continued)

4.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

5 Summary of significant accounting policies

5.1 Overall considerations

The significant accounting policies have been used in the preparation of these financial statements and which are consistent in previous years are summarised below.

These financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

5.2 Foreign currency

Functional and presentation currency

These financial statements are presented in United Arab Emirates Dirham (AED), which is the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

5.3 Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described below.

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified and measured at amortised cost if both of the following conditions are met:

- The asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest, if any, on the principal amount outstanding.

If the financial asset does not pass either of the above conditions, or only one of the above conditions, it is measured at fair value through profit or loss ('FVTPL'). Even if both conditions are met, management may designate a financial asset at FVTPL if doing so reduces or eliminates a measurement or recognition inconsistency.

All income and expenses relating to financial assets measured at amortised cost are recognised in profit or loss and presented within 'finance costs - net' or 'other income – net', except for impairment of trade receivables which is presented within 'administrative and general expenses'.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').;
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the financial statements (continued)

For the year ended March 31, 2021

5 Summary of significant accounting policies (continued)

5.3 Financial Instruments (continued)

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics, they have been grouped based on the days past due. Refer to Note 18.2 (Credit risk analysis) for a detailed analysis of how the impairment requirements of IFRS 9 are applied

Classification and subsequent measurement of financial liabilities

Financial liabilities comprise of trade and other payables, finance lease liabilities and amounts due to a related parties.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

Discounting is omitted if the impact is immaterial.

Offsetting financial instruments

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

5.4 Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash on hand and balance in bank accounts.

For purpose of the statement of cash flows, all cash and bank balances are considered to be cash and cash equivalents.

5.5 Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Retained earnings/ accumulated losses include all current and prior period retained profits/(losses).

5.6 Provisions and contingent liabilities

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts. Provisions are not recognised for future operating losses.

5 Summary of significant accounting policies (continued)

5.6 Provisions and contingent liabilities (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

5.7 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable by the Company, excluding discounts, rebates, and duty.

Sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the services provided. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

IFRS 15 'Revenue from Contracts with Customers' outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The five-step model, explained below, which will apply to revenue arising from contracts with customers.

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 Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company recognises revenue over time if any one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

5 Summary of significant accounting policies (continued)

5.7 Revenue (continued)

- The Company's performance does not create an asset with an alternative use to the Company, and the Company 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.
- The Company allocates the transaction price to the performance obligations in a contract based on the input method which requires revenue recognition on the basis of the Company's efforts or inputs to the satisfaction of the performance obligations. The Company estimates the total costs to complete the projects in order to determine the amount of revenue to be recognised.
- When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all of its revenue arrangements.

The Company recognises revenue through sale of equipment, rendering of services, and rental income.

5.8 Leases

The Company as a lessee

The Company makes the use of leasing arrangements principally for the provision of the office premises and labor accommodations. The Company did not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease.

The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Notes to the financial statements (continued)

For the year ended March 31, 2021

5 Summary of significant accounting policies (continued)

5.8 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined.

The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss. Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review.

The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates. To respond to business needs particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases.

In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly. In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease. Both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date that the lease is effectively modified.

For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable. The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

5 Significant accounting policies (continued)

5.9 Administrative, selling and general expenses

Administrative, selling and general expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

5.10 Significant management judgment in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of financial and non-financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, impairment loss is recognized based on the difference between cost and fair value, less any impairment loss previously recognized in the statement of comprehensive income.

For non-financial assets impairment is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Impairment of trade and other receivables

An estimate of the uncollectible amount on trade and other receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

Determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Notes to the financial statements (continued)
For the year ended March 31, 2021

5 Significant accounting policies (continued)

5.10 Significant management judgment in applying accounting policies (continued)

Determination of the appropriate discount rate to measure finance lease liabilities

The Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date.

The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

Notes to the financial statements (continued)

For the year ended March 31, 2021

6 Right-of-use asset

	2021 AED	2020 AED
Cost		
Opening balance	**360,681**	-
Additions during the year/period	-	360,681
Closing balance	**360,681**	360,681
Accumulated depreciation		
Opening balance	**131,157**	-
Charge during the year/period (note 16)	**128,414**	131,157
Closing balance	**259,571**	131,157
Carrying value at March 31,	**101,110**	229,524

7 Trade and other receivables

	2021 AED	2020 AED
Financial asset		
Trade receivables	**682,292**	28,838
	682,292	28,838
Non-financial asset		
Prepayments	**12,054**	12,023
	12,054	12,023
Total	**694,346**	40,861

8 Cash and cash equivalents

	2021 AED	2020 AED
Cash at bank	**2,282,992**	181,743
	2,282,992	181,743

Notes to the financial statements (continued)
For the year ended March 31, 2021

9 Related parties

	2021 AED	2020 AED
Amounts due from related parties		
Spring Near East FZCO	**30,954**	31,997
Design Arc FZCO	**204,629**	-
Twins Asia Limited	**3**	-
	235,586	31,997
Amounts due to related parties		
Progress Apparels (Bangladesh) Ltd.	**199,480**	-
Multinational Textiles Group Limited	-	290,255
Klcider Sourcing FZCO	-	27,525
Design Arc FZCO	-	25,000
	199,480	342,780

10 Share capital

The share capital of the Company consists of 100 fully paid ordinary shares with a par value of AED 1,000 (2020: AED 1,000) each. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of the Company.

	2021 AED	2020 AED
Total shares issued and fully paid at March 31,	**100**	100

Name of Shareholders	Number of Shares	% Holding	2021 AED	2020 AED
Multinational Textile Group Limited	75	75%	**75,000**	75,000
Pallak Seth	10	10%	**10,000**	10,000
Rakesh Chadha	15	15%	**15,000**	15,000
	100	100%	**100,000**	100,000

Notes to the financial statements (continued)
For the year ended March 31, 2021

11 Financial lease liability

	2021 AED	2020 AED
As at April 1,	**128,799**	-
Lease liability on the contracts entered during the period	**-**	360,681
Interest on lease liability	**6,374**	11,027
COVID-19 related concession	**(13,513)**	-
Payments made against lease liability	**(121,660)**	(242,909)
As at March 31,	**-**	128,799

Finance lease liabilities are repayable as follows:

	Within one year AED	More than one year AED	Total AED
2021			
Finance lease liability	-	-	-
2020			
Finance lease liability	128,799	-	128,799

Future minimum finance lease payments as at the end of the reporting period are as follows:

	Within one year AED	More than one year AED	Total AED
2020			
Lease payments	135,173	-	135,173
Finance charges	(6,374)	-	(6,374)
Net present value	128,799	-	128,799

(a) Rent concessions

As discussed in Note 4, the Company has adopted the practical expedient issued by the International Accounting Standards Board whereby it has accounted for the rent concessions which are a direct consequence of the COVID-19 pandemic.

The adoption of the practical expedient has resulted in the reduction of total lease liabilities and a gain in the statement of comprehensive income by AED 13,513 recorded under other income.

12 Trade and other payables

	2021 AED	2020 AED
Financial liabilities		
Trade payables	**685,223**	81,045
Other payables	**143,774**	17,500
	828,997	98,545

Notes to the financial statements (continued)

For the year ended March 31, 2021

13 Revenue

	2021 AED	For the period January 17,2019 to March 31, 2020 AED
Sale of goods	**17,998,968**	1,045,553
	17,998,968	1,045,553

14 Cost of sales

	2021 AED	For the period January 17,2019 to March 31, 2020 AED
Cost of goods sold	**14,940,988**	919,927
Claims & penalty from customer	**186**	-
	14,941,173	919,927

15 Other income

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
COVID-19 related concession (note 11)	**13,513**	-
Miscellaneous income	**4,307**	-
	17,550	-

Notes to the financial statements (continued)
For the year ended March 31, 2021

16 Administrative and general expenses

	2021 AED	For the period January 17, 2019 to March 31, 2020 AED
Incentives to employees	**395,424**	-
Depreciation on right-of-use asset (note 6)	**128,414**	131,157
Bank charges	**66,150**	20,385
Consulting fees	**66,060**	-
Legal and professional expenses	**35,963**	121,645
Courier and freight	**5,160**	-
Rent	**-**	27,397
Other	**243**	14
	697,414	300,598

17 Finance cost

	2021 AED	For the period January 17,2019 to March 31, 2020 AED
Interest on finance lease liability (note 11)	**6,374**	11,027
	6,374	11,027

Notes to the financial statements (continued)

For the year ended March 31, 2021

18 Financial instrument risk

Risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company's risk management is coordinated by the management, in close cooperation with the Director, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to financial markets.

18.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk, and price risks, which result from both its operating and investing activities.

Foreign currency risk

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

Most of the Company's transactions are carried out in United States Dollar (USD), Euro (EUR) and Australian Dollar (AUD). Exposures to currency exchange rates arise from the Company's overseas sales and purchases, which are primarily denominated in one of these currencies. The AED is effectively pegged to the USD. The Company does not enter into any foreign currency hedging contracts and is thus exposed to foreign exchange fluctuations on transactions denominated in EUR and AUD. The Company had no significant exposure to foreign currency risk at the reporting date as there were no significant balances denominated in EUR and AUD at the reporting date.

18.2 Credit risk analysis

	2021	2020
	AED	AED
Financial assets		
Trade receivables (note 7)	682,292	28,838
Amounts due from related parties (note 9)	235,586	31,997
Cash at bank (note 8)	2,282,992	181,743
	3,200,870	242,578

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. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

Management considers that all the above financial assets are not impaired or past due at the reporting date and are of good credit quality. None of the Company's financial assets are secured by collateral or other credit enhancements. The credit risk of cash at banks is limited, since the counter parties are reputable banks with quality credit ratings.

Notes to the financial statements (continued)

For the year ended March 31, 2021

18 Financial instrument risk (continued)

18.2 Credit risk analysis (continued)

Trade receivables

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information in relation to customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

Amounts due from related parties

The management of the Company is directly involved in the Company's operations and reviews and approves all transactions with related parties. The receivable balances are reconciled periodically with the related parties through intercompany reconciliations and confirmations.

Cash at bank

The Company seeks to limit its credit risk with respect to bank balances by only dealing with reputable banks and continuously monitoring outstanding balances.

18.3 Liquidity risk analysis

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-, medium- and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at March 31, 2021	**Less than 12 months**
Trade and other payables (note 12)	**828,997**
Amounts due to a related party (note 9)	**199,480**
Total	**1,028,477**

As at March 31, 2020	Less than 12 months
Trade and other payables (note 12)	98,545
Finance lease liability (note 11)	135,173
Amounts due to a related party (note 9)	342,780
Total	576,498

19 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

None of the Company's financial instruments, non-financial assets and non-financial liabilities as at the reporting date are measured at fair value

20 Capital management policies and procedures

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to Shareholders

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may request further funding from its Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year.

21 Comparatives

Certain comparative figures have been reclassified in order to conform to the current year's presentation.