Report of the Directors and Audited Financial Statements

Jcraft Array Limited

31 March 2023

EY 安永

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JCRAFT ARRAY LIMITED

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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 2023.

Principal activity
The Company was principally involved in the trading of garments during. There was no significant change in the Company's principal activity during the year.

Results and dividends
The Company's loss for the year ended 31 March 2023 and its financial position as at 31 March 2023 are set out in the financial statements on pages 5 to 27.

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	
Abhishekh Kanoi	(appointed on 20 October 2022)
Raamann Ahuja	(appointed on 20 October 2022)
Deepak Kumar Seth	(resigned on 20 October 2022)
Pallak Seth	(resigned on 20 October 2022)

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

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Abhishekh Kanoi
Director

14 SEP 2023

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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 5 to 27, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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 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.

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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
14 SEP 2023

JCRAFT ARRAY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	3,914,248	23,427,731
Cost of sales		(3,440,996)	(18,486,156)
Gross profit		473,252	4,941,575
Other income	4	1,178,571	800,738
Selling and distribution expenses		(44,692)	(1,369,161)
Administrative expenses		(2,890,543)	(2,370,684)
Other operating expenses		(1,474)	(130)
Profit/(loss) before tax	5	(1,284,886)	2,002,338
Income tax	7	-	-
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(1,284,886)	2,002,338

JCRAFT ARRAY LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSET			
Property, plant and equipment	8	3,874	-
CURRENT ASSETS			
Trade receivables	9	2,340,378	3,720,305
Due from the ultimate holding company	12(b)	818,844	400,001
Due from the immediate holding company	12(b)	2,021,069	1,495,298
Cash and cash equivalents		302,349	140,951
Total current assets		5,482,640	5,756,555
CURRENT LIABILITIES			
Trade payables		1,798,654	254,345
Other payables and accruals	10	1,110,249	1,645,477
Due to a fellow subsidiary	12(b)	5,764	-
Total current liabilities		2,914,667	1,899,822
NET CURRENT ASSETS		2,567,973	3,856,733
Net assets		2,571,847	3,856,733
EQUITY			
Share capital	11	389,000	389,000
Reserves		2,182,847	3,467,733
Total equity		2,571,847	3,856,733

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Abhishekh Kanoi
Director

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Raamann Ahuja
Director

JCRAFT ARRAY LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Retained profits HK$	Total equity HK$
At 1 April 2021	389,000	1,465,395	1,854,395
Profit and total comprehensive income for the year	-	2,002,338	2,002,338
At 31 March 2022 and 1 April 2022	389,000	3,467,733	3,856,733
Loss and total comprehensive loss for the year	-	(1,284,886)	(1,284,886)
At 31 March 2023	389,000	2,182,847	2,571,847

JCRAFT ARRAY LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(1,284,886)	2,002,338
Adjustments for:			
Depreciation of property, plant and equipment	5	410	-
Reversal of impairment of trade receivables, net	5	(12,035)	(31,768)
		(1,296,511)	1,970,570
Decrease in trade receivables		1,391,962	11,315,876
Increase in an amount due from the ultimate holding company		(418,843)	(400,001)
Increase/(decrease) in trade payables		1,544,309	(10,780,169)
Increase/(decrease) in other payables and accruals		(535,228)	1,313,914
Increase/(decrease) in an amount due to a fellow subsidiary		5,764	(38,954)
Change in balance with the immediate holding company		(525,771)	(4,277,468)
Net cash flow from/(used in) operating activities		165,682	(896,232)
CASH FLOW FROM AN INVESTING ACTIVITY			
Purchases of items of property, plant and equipment		(4,284)	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		161,398	(896,232)
Cash and cash equivalents at beginning of year		140,951	1,037,183
CASH AND CASH EQUIVALENTS AT END OF YEAR		302,349	140,951
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		302,349	140,951

1. CORPORATE INFORMATION

Jcraft Array 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.

The Company was principally involved in the trading of garments during the year.

The Company is a non-wholly owned subsidiary of Norwest Industries Limited, a company incorporated in Hong Kong. In the opinion of the directors, PDS Limited (formerly known as 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had 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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2022 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
5 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
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon their initial application. So far, the Company considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's financial statements in the period of initial application.

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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
An assessment is made at the end of the 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 rates 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

2.4 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be 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.

2.4 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

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).

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.

2.4 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.

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.

2.4 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, 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.

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.

Other income
Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

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 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.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	3,914,248	23,427,731

(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 is as follows:

	2023 HK$	2022 HK$
Other income		
Recovery of penalty from suppliers	89,284	400,737
Commission income	1,089,287	400,001
	1,178,571	800,738

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	1,013,064	46,597

5. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		3,440,996	18,486,156
Auditor's remuneration		16,000	16,600
Depreciation of property, plant and equipment	8	410	-
Reversal of impairment of trade receivables, net	9	(12,035)	(31,768)
Foreign exchange differences, net#		1,064	130

\# The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. DIRECTORS' REMUNERATION

None of the director received any fees or emoluments in respect of their services rendered to the Company during the year (2022: 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 (2022: Nil).

A reconciliation of the tax charge/(credit) applicable to profit before tax at the Hong Kong statutory tax rate of 16.5% (2022:16.5%) to the tax amount at the effective tax rate are as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(1,284,886)	2,002,338
Tax expense/(credit) at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(212,006)	330,386
Income not subject to tax	(272,551)	(947,482)
Expenses not deductible for tax	484,557	617,096
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 (2022: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
31 March 2023	
At 1 April 2022:	
Cost	-
Accumulated depreciation	-
Net carrying amount	-
At 1 April 2022, net of accumulated depreciation	-
Additions	4,284
Depreciation provided during the year	(410)
At 31 March 2023, net of accumulated depreciation	3,874
At 31 March 2023:	
Cost	4,284
Accumulated depreciation	(410)
Net carrying amount	3,874

9. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	2,379,006	3,770,968
Less: Impairment	(38,628)	(50,663)
	2,340,378	3,720,305

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 number of 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.

9. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	50,663	82,431
Reversal of impairment of trade receivables (note 5)	(12,035)	(31,768)
At end of year	38,628	50,663

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 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.59%	-	-	1.63%	1.62%
Gross carrying amount	191,337	-	-	2,187,669	2,379,006
Expected credit losses	3,042	-	-	35,586	38,628

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	1.34%	1.45%	-	-	1.34%
Gross carrying amount	3,596,914	174,054	-	-	3,770,968
Expected credit losses	48,139	2,524	-	-	50,663

10. OTHER PAYABLES AND ACCRUALS

	Note	2023 HK$	2022 HK$
Accruals		659,154	632,413
Contract liabilities	(i)	451,095	1,013,064
		1,110,249	1,645,477

Note:

(i) Details of contract liabilities are as follows:

	31 March 2023 HK$	31 March 2022 HK$	1 April 2021 HK$
Short-term advances received from customers			
Sales of goods	451,095	1,013,064	46,597

Contract liabilities include short-term advances received to deliver garment products. The decrease in contract liabilities in 2023 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. The increase in contract liabilities in 2022 was mainly due to the increase in short-term advances received from customers in relation to the future sales of garments at the end of the year.

11. SHARE CAPITAL

	2023 HK$	2022 `HK$
Issued and fully paid:		
50,000 (2022: 50,000) ordinary shares	389,000	389,000

12. 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:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	119,719	77,979

(b) The balances with the ultimate holding company, the immediate holding company and a fellow subsidiary are unsecured, interest-free and repayable on demand.

(c) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

13. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, amounts due from the ultimate holding company 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 and an amount due to 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.

14. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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 ultimate holding company, immediate holding company and a fellow subsidiary, 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.

15. 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 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	2,379,006	2,379,006
Due from the ultimate holding company					
- Normal**	818,844	-	-	-	818,844
Due from the immediate holding company					
- Normal**	2,021,069	-	-	-	2,021,069
Cash and cash equivalents					
- Not yet past due	302,349	-	-	-	302,349
	3,142,262	-	-	2,379,006	5,521,268

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	3,770,968	3,770,968
Due from the ultimate holding company					
- Normal**	400,001	-	-	-	400,001
Due from the immediate holding company					
- Normal**	1,495,298	-	-	-	1,495,298
Cash and cash equivalents					
- Not yet past due	140,951	-	-	-	140,951
	2,036,250	-	-	3,770,968	5,807,218

* 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.

** The credit quality of amounts due from the ultimate holding company and 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.

15. 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 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. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

14 SEP 2023

Report of the Directors and Audited Financial Statements

JJ STAR INDUSTRIAL LIMITED

31 March 2023

Building a better working world

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Ernst & Young

ERNST & YOUNG

JJ STAR INDUSTRIAL LIMITED

CONTENTS

JJ STAR INDUSTRIAL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2023.

Principal activity

The Company ceased to involve in the trading of garments and became inactive during the year.

Results

The Company's loss for the year ended 31 March 2023 and its financial position as 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:

Jiehua Luo
Abhishekh Kanoi

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 its reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

....
Abhishekh Kanoi
Director

14 August 2023

Independent auditor's report
To the members of JJ Star Industrial Limited
(Incorporated in Hong Kong with limited liability)

Opinion
We have audited the financial statements of JJ Star Industrial Limited (the "Company") set out on pages 5 to 34, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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 JJ Star 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.

EY 安永

Independent auditor's report (continued)
To the members of JJ Star 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
14 August 2023

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	-	41,552,059
Cost of sales		-	(38,424,750)
Gross profit		-	3,127,309
Other income and gains	4	133	3,078,693
Selling and distribution expenses		-	(1,994,037)
Administrative expenses		(1,377,048)	(19,431,581)
Other operating expenses		(1,211,867)	(601,845)
Finance costs	6	-	(32,956)
LOSS BEFORE TAX	5	(2,588,782)	(15,854,417)
Income tax expense	8	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,588,782)	(15,854,417)

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	9	-	20,580
Right-of-use asset	10(a)	-	-
Total non-current assets		-	20,580
CURRENT ASSETS			
Trade receivables	11	-	2,151,573
Prepayments and deposits	12	-	4,724,559
Due from a fellow subsidiary	16(b)	-	32,098
Due from a non-controlling shareholder	16(b)	-	1,086,969
Cash and cash equivalents		17,762	176,753
Total current assets		17,762	8,171,952
CURRENT LIABILITIES			
Other payables and accruals	13	17,540	3,377,798
Due to the immediate holding company	16(b)	14,848,317	17,074,048
Lease liabilities	10(b)	-	-
Total current liabilities		14,865,857	20,451,846
NET CURRENT LIABITIES		(14,848,095)	(12,279,894)
Net liabilities		(14,848,095)	(12,259,314)
EQUITY			
Share capital	14	389,000	389,000
Accumulated losses		(15,237,095)	(12,648,314)
Net deficiency in assets		(14,848,095)	(12,259,314)

....

Abhishekh Kanoi
Director

....

Jiehua Luo
Director

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Retained profits/ (accumulated losses) HK$	Total equity/ (net deficiency in assets) HK$
At 1 April 2021	389,000	3,206,103	3,595,103
Loss and total comprehensive loss for the year	-	(15,854,417)	(15,854,417)
At 31 March 2022 and 1 April 2022	389,000	(12,648,314)	(12,259,314)
Loss and total comprehensive loss for the year	-	(2,588,782)	(2,588,782)
At 31 March 2023	389,000	(15,237,096)	(14,848,096)

JJ STAR INDUSTRIAL LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,588,782)	(15,854,417)
Adjustments for:			
Interest income	4	(133)	(1,090)
Finance costs	6	-	32,956
Depreciation of property, plant and equipment	5	19,982	312,582
Write-off of items of property, plant and equipment	5	598	-
Gain on termination of lease	5	-	(369,105)
Reversal of impairment of trade receivables	5	(3,055)	(214,234)
		(2,571,390)	(16,093,308)
Decrease in trade receivables		2,154,630	18,453,542
Decrease in prepayments and deposits		5,811,528	9,676,470
Decrease/(increase) in an amount due from a fellow subsidiary		32,098	(532,475)
Decrease in an amount due from a non-controlling shareholder		1,086,969	1,235,047
Decrease in an amount due from a related company		-	119,511
Decrease in trade payables		-	(16,123,315)
Increase/(decrease) in other payables and accruals		(4,447,228)	2,768,427
Decrease in an amount due to the immediate holding company		(2,225,731)	(712,674)
Cash used in operations		(159,124)	(1,208,775)
Interest received		133	1,090
Interest paid		-	(32,956)
Net cash flows used in operating activities		(158,991)	(1,240,641)
CASH FLOWS FROM A FINANCING ACTIVITY			
Repayment of bank borrowings		-	(1,321,317)
Net cash flows used in a financing activity		-	(1,321,317)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(158,991)	(2,561,958)
Cash and cash equivalents at the beginning of year		176,753	2,738,711
CASH AND CASH EQUIVALENTS AT END OF YEAR		17,762	176,753
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		17,762	176,753

1. CORPORATE INFORMATION

JJ Star 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, Kowloon, Hong Kong.

The Company was ceased to engage in the trading of garments and became inactive during the year.

The Company is a non-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 Limited (formerly known as 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had no significant impact on the Company's financial performance and financial position.

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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*[3]
Amendments to HKFRS 16	*Lease liability in a sale and leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
[5] 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
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any 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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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 rates/estimated useful lives 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.

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.

2.5 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 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.

2.5 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.

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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be 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

2.5 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 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 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)

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 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
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 product 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.

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.

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.

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 11 to the financial statements.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	-	41,552,059

(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 are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Interest income	133	1,090
Penalty on suppliers	-	2,488,255
Gain on termination of a lease	-	369,105
Others	-	220,243
	133	3,078,693

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		-	38,424,750
Auditor's remuneration		17,550	32,100
Depreciation for property, plant and equipment	9	19,982	312,582
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		-	5,396,608
Defined contribution scheme*		-	27,950
		-	5,424,558
Write-off of items of property, plant and equipment	9	598	-
Lease payments not included in the measurement of lease liabilities		-	1,923,089
Gain on termination of a lease		-	(369,105)
Reversal of impairment of trade receivables	11	(3,055)	(214,234)
Foreign exchange differences, net		-	217,306

* There are no forfeited contributions that may be used by the Company as the employer to reduce the existing level of contribution.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans	-	32,956

7. 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries and allowances	-	648,000
	-	648,000

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 (2022: Nil).

A reconciliation of the tax credit applicable to loss before tax at the Hong Kong statutory tax rate to the effective tax rate is as follows:

	2023 HK$	2022 HK$
Loss before tax	(2,588,782)	(15,854,417)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(427,149)	(2,615,979)
Income not subject to tax	(22)	(963,088)
Expenses not deductible for tax	427,171	3,579,067
Tax amount 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 (2022: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023				
At 1 April 2022:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(964,977)	(465,711)	(1,050,003)	(2,480,691)
Net carrying amount	14,856	30	5,694	20,580
At 1 April 2022:	14,856	30	5,694	20,580
Depreciation provided during the year	(14,840)	-	(5,142)	(19,982)
Disposals	(16)	(30)	(552)	(598)
At 31 March 2023, net of accumulated depreciation	-	-	-	-
At 31 March 2023:				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Net carrying amount	-	-	-	-

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvement HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 2021:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(774,504)	(444,744)	(948,861)	(2,168,109)
Net carrying amount	205,329	20,997	106,836	333,162
At 1 April 2021:	205,329	20,997	106,836	333,162
Depreciation provided during the year	(190,473)	(20,967)	(101,142)	(312,582)
At 31 March 2022, net of accumulated depreciation	14,856	30	5,694	20,580
At 31 March 2022:				
Cost	979,833	465,741	1,055,697	2,501,271
Accumulated depreciation	(964,977)	(465,711)	(1,050,003)	(2,480,691)
Net carrying amount	14,856	30	5,694	20,580

10. LEASES

The Company as a lessee
The Company has a lease contract for office premise which has a lease term of 5 years.

(a) Right-of-use asset

The carrying amounts of the Company's right-of-use asset and the movements during the year are as follows:

	Office premises HK$
As at 1 April 2021	3,220,371
Termination of lease	(3,220,371)
As at 31 March 2022, 1 April 2022 and 31 March 2023	-

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount at the beginning of the year	-	3,589,476
Termination of lease	-	(3,589,476)
Carrying amount at the end of the year	-	-

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 HK$	2022 HK$
Expenses related to short term leases with remaining lease terms ended or before 31 March	-	1,923,089
Gain on termination of lease	-	(369,105)
Total amount recognised in profit or loss	-	1,553,984

11. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	-	2,154,628
Less: Impairment	-	(3,055)
	-	2,151,573

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 up to 90 days. 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 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 receivable balances. Trade receivables are non-interest-bearing.

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	3,055	217,289
Reversal of impairment loss (note 5)	(3,055)	(214,234)
At end of year	-	3,055

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 2022:

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.13%	0.18%	0.18%	-	0.14%
Gross carrying amount (HK$)	1,622,766	125,087	406,775	-	2,154,628
Expected credit losses (HK$)	2,118	220	717	-	3,055

12. PREPAYMENTS AND DEPOSITS

	2023 HK$	2022 HK$
Advance to vendors	-	4,320,034
Deposits	-	404,525
	-	4,724,559

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 2022, the loss allowance was assessed to be minimal.

13. OTHER PAYABLES AND ACCRUALS

	Note	2023 HK$	2022 HK$
Accruals		17,540	32,100
Other payables	(i)	-	3,345,698
Other payables and accruals		17,540	3,377,798

Note:

(i) Other payables are non-interest bearing and have an average term of three months.

14. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
50,000 (2022: 50,000) ordinary shares	389,000	389,000

15. NOTE TO THE STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease Liabilities HK$	Interest-bearing bank borrowings HK$
At 1 April 2021	3,589,476	1,321,317
Changes from financing cash flows, net	-	(1,321,317)
Early termination of lease	(3,589,476)	-
At 31 March 2022, 1 April 2022 and 31 March 2023	-	-

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:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	-	851,397

(b) The balances with the immediate holding company, a fellow subsidiary and a non-controlling shareholder are unsecured, interest-free and repayable on demand.

(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, financial assets included in prepayments and deposits, amounts due from a fellow subsidiary and a non-controlling shareholder, 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, financial liabilities included in other payables and accruals and an 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$17,540 (2022: HK$3,377,798). 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.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, deposits, cash and cash equivalents, financial liabilities included in other payables and accruals and balances with the immediate holding company, a fellow subsidiary and a non-controlling shareholder, 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.

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 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 2023

	12-month ECLs	Lifetime ECL			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Cash and cash equivalents					
- Not yet past due	17,762	-	-	-	17,762

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)
Maximum exposure and year-end staging (continued)
As at 31 March 2022

	12-month ECLs	Lifetime ECL			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	2,154,628	2,154,628
Financial assets included in prepayments, deposits and other receivables					
- Normal**	404,525	-	-	-	404,525
Due from a fellow subsidiary					
- Normal**	32,098	-	-	-	32,098
Due from a non-controlling shareholder					
- Normal**	1,086,969	-	-	-	1,086,969
Cash and cash equivalents					
- Not yet past due	176,753	-	-	-	176,753
	1,700,345	-	-	2,154,628	3,854,973

* 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 the financial assets included in prepayments, deposits and other receivables, amounts due from a fellow subsidiary, a non-controlling shareholder and a related company 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".

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 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	17,540	-	17,540
Due to the immediate holding company	14,848,317	-	14,848,317
	14,865,857	-	14,865,857

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Financial liabilities included in other payables and accruals	3,377,798	-	3,377,798
Due to the immediate holding company	17,074,048	-	17,074,048
	20,451,846	-	20,451,846

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 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. The Company is not subject to any external imposed capital requirement. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

20. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

KINDRED BRANDS LIMITED

31 March 2023

CERTIFIED TRUE COPY

ERNST & YOUNG

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 2023.

Principal activity
The Company was inactive during the year.

Results
The Company's loss for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 18.

Directors
The directors of the Company during the year were:

Abhishekh Kanoi	(appointed on 24 May 2022)
Suresh Mahadev Punjabi	(appointed on 24 May 2022)
Ajai Singh	(resigned on 24 May 2022)
Pallak Seth	(resigned on 24 May 2022)
Deepak Kumar Seth	(resigned on 24 May 2022)

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

....
Abhishekh Kanoi
Director

14 August 2023

EY 安永

Ernst & Young
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979 King's Road
Quarry Bay, Hong Kong

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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 18, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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.

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.

EY 安永

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
14 August 2023

KINDRED BRANDS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
Other income and gains		335	-
Administrative expenses		(43,237)	(25,493)
Other operating expenses		(150)	(292)
LOSS BEFORE TAX	3	(43,052)	(25,785)
Income tax expense	5	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(43,052)	(25,785)

KINDRED BRANDS LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
CURRENT ASSET			
Cash and cash equivalents		39,664	19,326
CURRENT LIABILITIES			
Due to the immediate holding company	7(a)	225,080	162,840
Accrual		14,000	12,850
Total current liabilities		239,080	175,690
Net liabilities		(199,416)	(156,364)
EQUITY			
Share capital	6	7,780	7,780
Accumulated losses		(207,196)	(164,144)
Net deficiency in assets		(199,416)	(156,364)

....
Abhishekh Kanoi
Director

....
Suresh Mahadev Punjabi
Director

KINDRED BRANDS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Share capital HK$	Accumulated losses HK$	Net deficiency in assets HK$
At 1 April 2021	7,780	(138,359)	(130,579)
Loss and total comprehensive loss for the year	-	(25,785)	(25,785)
At 31 March 2022 and 1 April 2022	7,780	(164,144)	(156,364)
Loss and total comprehensive loss for the year	-	(43,052)	(43,052)
At 31 March 2023	7,780	(207,196)	(199,416)

KINDRED BRANDS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(43,052)	(25,785)
Increase in accrual	1,150	850
Increase in an amount due to the immediate holding company	62,240	-
NET CASH FLOWS GENERATERD FROM/(USED IN) OPERATING ACTIVITIES AND NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,338	(24,935)
Cash and cash equivalents at beginning of year	19,326	44,261
CASH AND CASH EQUIVALENTS AT END OF YEAR	39,664	19,326
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	39,664	19,326

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 non 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 Limited (formerly known as 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs has had no significant financial effect on the Company's financial performance and financial position.

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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*[3]
Amendments to HKFRS 16	*Lease liability in a sale and leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1,5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]

[1] Effective for annual periods beginning on or after 1 January 2023
[2] Effective for annual periods beginning on or after 1 January 2024
[3] No mandatory effective date yet determined but available for adoption
[4] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
[5] 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
[6] An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any 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;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)
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.

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.

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. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

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 contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be 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.

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 13ealized13zed as well as through the effective interest rate 13ealized13zed 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 13ealized13zed is included in profit or loss.

Derecognition of financial liabilities
A financial liability is 13ealized13zed 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 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.

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.

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 15ealized 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.

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.

3. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging/(crediting):

	2023 HK$	2022 HK$
Auditor's remuneration	14,000	12,850
Foreign exchange differences, net#	(299)	42

\# 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 and other comprehensive income.

4. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: Nil).

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 (2022: 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:

	2023 HK$	2022 HK$
Loss before tax	(43,052)	(25,785)
Tax credit at the Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	(7,104)	(4,255)
Expenses not deductible for tax	7,104	4,255
Tax amount 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 (2022: Nil).

6. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
1,000 (2022: 1,000) ordinary shares	7,780	7,780

7. RELATED PARTY TRANSACTIONS

(a) The balance with the immediate holding company is unsecured, interest-free and repayable on demand.

(b) The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

8. 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 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.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, accrual, balance with the immediate holding company, approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and liabilities measured at fair value as at the end of the reporting period.

10. 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 of 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.

10. 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 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 2023 and 31 March 2022.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of director on 14 August 2023.

Report of the Directors and Audited Financial Statements

KLEIDER SOURCING HONG KONG LIMITED

31 March 2023

Building a better working world

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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 2023.

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 2023 and its financial position at that date are set out in the financial statements on pages 5 to 28.

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:

Deepak Kumar Seth
Iftekhar Ullah Khan
Ashok Kumar Chhabra
Suresh Mahadev Punjabi

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 Company 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

....
Suresh Mahadev Punjabi
Director

14 August 2023

EY 安永

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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 28, which comprise the statement of financial position as at 31 March 2023, 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 2023, 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.

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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
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
14 August 2023

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	-	820,046
Cost of sales		-	(790,607)
Gross profit		-	29,439
Other income	4	332	737,769
Selling and distribution expenses		(2,058)	(100)
Administrative expenses		(326,572)	(196,256)
Other operating expenses		(567,899)	(1,477)
Finance costs	6	-	(16,459)
PROFIT/(LOSS) BEFORE TAX	5	(896,197)	552,916
Income tax expense	8	-	(63,514)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(896,197)	489,402

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 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			
Due from a subsidiary	14(b)	3,247,027	3,814,907
Due from a fellow subsidiary	14(b)	-	446,604
Cash and cash equivalents		369,272	405,825
Total current assets		3,616,299	4,667,336
CURRENT LIABILITIES			
Other payables and accruals	11	28,000	32,100
Due to the immediate holding company	14(b)	7,359,810	7,651,370
Tax payables		87,473	88,265
Total current liabilities		7,475,283	7,771,735
NET CURRENT LIABILITIES		(3,858,984)	(3,104,399)
Net assets		6,042,374	6,796,959
EQUITY			
Share capital	12	77,800	77,800
Reserves		5,964,574	6,719,159
Total equity		6,042,374	6,796,959

Suresh Mahadev Punjabi
Director

Deepak Kumar Seth
Director

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Note	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		77,800	-	6,188,134	6,265,934
Profit and total comprehensive income for the year		-	-	489,402	489,402
Equity-settled share-based arrangements	13	-	41,623	-	41,623
At 31 March 2022 and 1 April 2022		77,800	41,623*	6,677,536*	6,796,959
Loss and total comprehensive loss for the year		-	-	(899,547)	(899,547)
Equity-settled share-based arrangements	13	-	144,962	-	144,962
At 31 March 2023		77,800	186,585	5,777,989	6,042,374

* These reserve accounts comprise the reserves of HK$5,964,574 (2022: HK$6,719,159) in the statement of financial position.

KLEIDER SOURCING HONG KONG LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(899,547)	552,916
Adjustments for:			
Finance costs	6	-	16,459
Interest income	4	(332)	-
Equity-settled share-based expenses	5,13	144,962	41,623
		(754,917)	610,998
Decrease in other receivable		-	300
Changes in balances with fellow subsidiaries		446,604	(2,058,369)
Decrease in an amount due from a subsidiary		567,880	-
Decrease in other payables and accruals		(4,100)	(511,130)
Increase/(decrease) in an amount due to the immediate holding company		(291,560)	2,062,412
Decrease in an amount due to an intermediate holding company		-	(49,297)
Cash generated from/(used in) operations		(36,093)	54,914
Hong Kong profits tax paid		(792)	-
Interest paid		-	(16,459)
Net cash flows from/(used in) operating activities		(36,885)	38,455
CASH FLOWS FROM AN INVESTING ACTIVITY			
Interest received		332	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(36,553)	38,455
Cash and cash equivalents at beginning of year		405,825	367,370
CASH AND CASH EQUIVALENTS AT END OF YEAR		369,272	405,825
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances		369,272	405,825

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, Tsimshatsui, Kowloon, Hong Kong.

During the year, the Company was principally involved in the trading of garments and investment holding.

The Company is a partly-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 Limited (formerly known as 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 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 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 partly-owned subsidiary of another body corporate and all members agree in writing before the end of the financial year that consolidated statements will not be prepared for the financial year, and the agreement does not relate to any other financial year, it satisfies the exemption criteria set out in section 379(3)(c) 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the above revised standards 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 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 No mandatory effective date yet determined but available for adoption
4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion
5 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
6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company is still in the process of assessing impact of the above new and revised HKFRSs and does not expect these new and revised HKFRSs would have any 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets (continued)
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

(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.

2.5 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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment and other 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).

2.5 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 contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be 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

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.

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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)
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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 13 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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 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 investment in a subsidiary

Investment in a subsidiary is 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 subsidiary and a suitable discount rate is used in order to calculate the present value.

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of goods sold.

An analysis of revenue, other income and gains are as follows:

	2023 HK$	2022 HK$
<u>Revenue from contracts with customers</u>		
Sale of goods	-	820,046

(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.

	2023 HK$	2022 HK$
<u>Other income</u>		
Commission income	-	270,856
Interest income	332	-
Write-back of long outstanding other payables	-	463,175
Others	-	3,738
	332	737,769

5. PROFIT/(LOSS) BEFORE TAX

The Company's profit/(loss) before tax is arrived at after charging:

	2023 HK$	2022 HK$
Cost of inventories sold	-	790,607
Auditor's remuneration	28,000	39,466
Equity-settled share-based expense	144,962	41,623
Foreign exchange differences, net#	567,899	1,227

The balance is included in "Other operating expenses" in statement of profit or loss and other comprehensive income.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on bank loans	-	16,459

7. 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:

	2023 HK$	2022 HK$
Directors' fees	-	-
Other emoluments:		
Salaries, allowances and other benefits	-	-
Equity-settled share option expenses	144,962	41,623
	144,962	41,623

8. INCOME TAX

No provision for Hong Kong profits tax was made for the current year as the Company did not generate any assessable profits arising in Hong Kong during that year. Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the prior year.

	2023 HK$	2022 HK$
Current – Hong Kong		
Charge for the year	-	88,265
Under/(over) provision in prior year	-	(24,751)
Total tax charge for the year	-	63,514

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 at the Company's effective tax rate is as follows:

	2023 HK$	2022 HK$
Profit/(loss) before tax	(896,197)	552,916
Tax charge/(credit) at the Hong Kong statutory tax rate	(147,873)	91,231
Adjustments in respect of current tax of previous periods	-	(24,751)
Income not subject to tax	(55)	(10,062)
Tax losses not recognised	147,928	7,096
Tax charge at the Company's effective rate	-	63,514

As at 31 March 2023, the Company had tax losses arising in Hong Kong of HK$896,533 (2022: Nil), subject to agreement by Hong Kong Inland Revenue Department, 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 estimates that due to the reduction of business operation 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

	2023 HK$	2022 HK$
Unlisted investment, at cost	9,901,358	9,901,358

Information about subsidiary

Particulars of the Company's subsidiary as at 31 March 2023 are as follows:

Name	Place of incorporation/ business	Nominal value of issued ordinary share capital	Percentage of equity directly attributable to the Company	Principal activities
Kleider Sourcing Limited	Bangladesh	Bangladeshi Takas ("BDT") 99,900,000	99.97%	Trading of garment products

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment HK$
At 1 April 2020, 31 March 2021 and 1 April 2021 and 31 March 2022:	
Cost	7,300
Accumulated depreciation	(7,300)
Net carrying amount	-

11. OTHER PAYABLES AND ACCRUALS

	2023 HK$	2022 HK$
Accruals	28,000	32,100

Other payables are non-interest-bearing and have an average term of three months.

12. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

13. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	144,962	41,623

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date share price, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

13. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently, the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share-based schemes:

The Options outstanding under the employee stock option plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the share-based schemes during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	4,000	-	-
Adjustment of stock split	-	16,000	-	-
Granted during the year	-	-	114	4,000
At 31 March	28.15	20,000	114	4,000

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

14. 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:

	2023 HK$	2022 HK$
Fellow subsidiaries:		
Support services fee received	-	(270,856)

(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 represented directors' remuneration as disclosed in note 7 to the financial statements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise 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 amount due to the immediate holding company, an intermediate 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.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, financial liabilities included in other payables and accruals and balances with the immediate holding company, fellow subsidiaries and a subsidiary approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company did not have any financial assets and financial liabilities measured at fair value as at the end of each reporting period.

17. 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 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, 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 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. The Company is not subjected to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 31 March 2022.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 August 2023.

Report of the Directors and Audited Financial Statements

KRAYONS SOURCING LIMITED

31 March 2023

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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 2023.

Principal activity
The principal activity of the Company has not been changed during the year and consisted of the trading of garments.

Results and dividends
The Company's profit for the year ended 31 March 2023 and its financial position at that date are set out in the financial statements on pages 5 to 47.

An interim dividend of US$362.44 per ordinary share was paid on 30 June 2022. 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:

Kapoor Rajnish	
Krishna Kanodia	(appointed on 26 January 2022)
Suresh Mahadev Punjabi	(appointed on 1 February 2023)
Pallak Seth	(resigned on 26 January 2022)
Deepak Kumar Seth	(resigned on 1 February 2023)

In accordance with the Company's articles of association, all remaining 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, subsidiaries 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, subsidiaries 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

....

Suresh Mahadev Punjabi
Director

14 SEP 2023

Ernst & Young
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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 47, which comprise the statement of financial position as at 31 March 2023, 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with 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 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.

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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.

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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

14 SEP 2023

KRAYONS SOURCING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
REVENUE	4	533,006,687	423,916,866
Cost of sales		(470,616,208)	(366,595,774)
Gross profit		62,390,479	57,321,092
Other income and gains	4	7,453,352	5,171,484
Selling and distribution costs		(10,380,165)	(8,786,490)
Administrative expenses		(20,841,299)	(17,725,646)
Other operating expenses		(2,044,917)	(302,232)
Finance costs	6	(1,740,938)	(234,837)
PROFIT BEFORE TAX	5	34,836,512	35,443,371
Income tax expense	8	-	-
PROFIT FOR THE YEAR		34,836,512	35,443,371
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that will not be reclassified to profit or loss in subsequent period:			
Remeasurement loss on defined benefit obligations		(515,308)	(122,104)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		34,321,204	35,321,267

KRAYONS SOURCING LIMITED

STATEMENT OF FINANCIAL POSITION

31 March 2023

	Notes	2023 HK$	2022 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,072,062	734,787
Investment in subsidiaries	10	423,980	-
Right-of-use assets	12(a)	5,200,663	7,526,469
Deposits	15	632,514	789,987
Total non-current assets		8,329,219	9,051,243
CURRENT ASSETS			
Inventories	13	29,475,153	44,964,885
Trade receivables	14	19,464,745	43,475,753
Prepayments, deposits and other receivables	15	3,634,905	4,100,377
Due from the immediate holding company	21(b)	82,347,361	16,655,614
Due from the ultimate holding company	21(b)	1,601,240	864,682
Due from a director	21(c)	233,797	-
Due from fellow subsidiaries	21(b)	-	1,657,218
Due from an intermediate holding company	21(b)	-	44,840
Cash and cash equivalents		3,234,999	3,207,705
Total current assets		139,992,200	114,971,074
CURRENT LIABILITIES			
Trade and bills payables	16	29,196,387	47,753,559
Other payables and accruals	16	23,816,660	14,836,673
Due to fellow subsidiaries	21(b)	1,192,136	3,557,475
Lease liabilities	12(b)	1,232,792	1,541,860
Interest-bearing bank borrowings	18	40,236,337	8,615,915
Total current liabilities		95,674,312	76,305,482
NET CURRENT ASSETS		44,317,888	38,665,592
TOTAL ASSETS LESS CURRENT LIABILITIES		52,647,107	47,716,835
NON-CURRENT LIABILITIES			
Other payable	16	1,377,398	825,163
Lease liabilities	12(b)	4,143,419	6,008,242
Total non-current liabilities		5,520,817	6,833,405
Net assets		47,126,290	40,883,430

continued/...

KRAYONS SOURCING LIMITED

STATEMENT OF FINANCIAL POSITION (continued)

31 March 2023

	Note	2023 HK$	2022 HK$
EQUITY			
Share capital	19	77,800	77,800
Reserves		47,048,490	40,805,630
Total equity		47,126,290	40,883,430

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Suresh Mahadev Punjabi
Director

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Krishna Kanodia
Director

KRAYONS SOURCING LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2023

	Notes	Share capital HK$	Contribution from the ultimate holding company HK$	Retained profits HK$	Total equity HK$
At 1 April 2021		77,800	-	27,882,987	27,960,787
Profit for the year		-	-	35,443,371	35,443,371
Other comprehensive loss for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(122,104)	(122,104)
Total comprehensive income for the year		-	-	35,321,267	35,321,267
Final 2021 dividend paid	9	-	-	(16,760,835)	(16,760,835)
Interim 2022 dividend paid	9	-	-	(6,224,000)	(6,224,000)
Equity-settled share-based arrangements	20	-	586,211	-	586,211
At 31 March 2022 and 1 April 2022		77,800	586,211*	40,219,419*	40,883,430
Profit for the year		-	-	34,836,512	34,836,512
Other comprehensive income for the year:					
Remeasurement of defined benefit plan, net of tax		-	-	(515,308)	(515,308)
Total comprehensive income for the year		-	-	34,321,204	34,321,204
Interim 2023 dividend paid	9			(28,197,964)	(28,197,964)
Equity-settled share-based arrangements	20		119,620	-	119,620
At 31 March 2023		77,800	705,831*	46,342,659*	47,126,290

* These reserve accounts comprise the reserves of HK$47,048,490 (2022: HK$40,805,630) in the statement of financial position.

KRAYONS SOURCING LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 March 2023

	Notes	2023 HK$	2022 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		34,836,512	35,443,371
Adjustments for:			
Bank interest income	4	(17,458)	(47)
Depreciation of property, plant and equipment	5	877,689	180,960
Depreciation of right-of-use assets	5	1,371,338	528,923
Finance costs	6	1,881,076	234,837
Gain on termination of a lease	5	(5,399)	(21,831)
Reversal of impairment of trade receivables	5	(42,982)	(138,886)
Equity-settled share-based expenses	5	119,620	586,211
Covid-19-related rent concessions from lessors	5	(51,445)	(915)
Foreign exchange difference, net		(3,546)	-
		38,965,405	36,812,623
Decrease/(increase) in inventories		15,489,732	(44,964,885)
Decrease in trade receivables		24,053,990	15,851,443
Decrease/(increase) in prepayments, deposits and other receivables		622,945	(4,403,331)
Increase in an amount due from a director		(233,797)	-
Increase in an amount due from the ultimate holding company		(736,558)	(864,682)
Increase in an amount due from the immediate holding company		(65,691,747)	(9,159,394)
Decrease in an amount due from an intermediate holding company		44,840	43,689
Changes in balance with fellow subsidiaries		(708,121)	295,770
Increase/(decrease) in trade and bills payables		(18,557,172)	24,101,470
Increase in other payables and accruals		9,016,914	7,999,053
Cash generated from operations		2,266,431	25,711,756
Interest received		17,458	47
Interest paid		(1,600,800)	(210,985)
Net cash flows from operating activities		683,089	25,500,818
CASH FLOW FROM AN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(2,214,964)	(655,300)
Investments in subsidiaries		(423,980)	-
Net cash flows used in investing activities		(2,638,944)	(655,300)

continued/...

KRAYONS SOURCING LIMITED

STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2023

	2023 HK$	2022 HK$
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(1,299,171)	(505,994)
Interest element of lease liabilities	(140,138)	(23,852)
Dividend paid	(28,197,964)	(22,984,835)
Proceeds from bank loans	124,979,150	54,040,976
Repayment of bank loans	(93,358,728)	(57,720,834)
Net cash flows from/(used in) financing activities	1,983,149	(27,194,539)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	27,294	(2,349,021)
Cash and cash equivalents at beginning of year	3,207,705	5,556,726
CASH AND CASH EQUIVALENTS AT END OF YEAR	3,234,999	3,207,705
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances	3,234,999	3,207,705

1. CORPORATE INFORMATION

Krayons Sourcing 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 involved in the trading of garments.

The Company is a non-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 Limited (formerly known as 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 partly-owned subsidiary of another body corporate and all members agree in writing before the end of the financial year that consolidated statements will not be prepared for the financial year, and the agreement does not relate to any other financial year, it satisfies the exemption criteria set out in section 379(3)(c) 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 defined benefit obligations 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 following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The adoption of the revised HKFRSs has had 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 Group has not applied any of the new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[2, 4]
Amendments to HKAS 1	*Non- current liabilities with Covenants* (the "2020 Amendments")[2]
Amendments to HKFRS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKFRS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from A Single Transactions*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, 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 to align the corresponding wording with no change in conclusion

5 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

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this Amendment shall apply it on initial application of HKFRS 17

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Company's results of operations and financial position.

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.

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.

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. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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)

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 office equipment and computer equipment is 33% and for furniture and fixtures is 25%.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)
Company as a lessee (continued)

(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)

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).

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.

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.

2.4 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. The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)
General approach (continued)
The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be 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.

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.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)
Subsequent measurement of loans and borrowings (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, 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.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the actual basis and comprises invoiced value of purchases, freight 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.

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.

2.4 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, 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 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 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.

2.4 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.

Commission income from the provision of marketing services is recognised at the point in time when control of the asset is transferred to the customer, generally upon the completion of the services.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Employees (including directors) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes option-pricing model, further details of which are given in note 20 to the financial statements.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments (continued)
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Company or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Foreign currencies
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.

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

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

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 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 13 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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).

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold.

An analysis of revenue is as follows:

	2023 HK$	2022 HK$
Revenue from contracts with customers		
Sale of goods	533,006,687	423,916,866

4. REVENUE, OTHER INCOME AND GAINS (continued)

(i) Disaggregated revenue information
The Company's entire revenue from the sale of garments is recognised at a point in time.

The following table shows the amounts of revenue recognised in the previous reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023 HK$	2022 HK$
Revenue recognised that was included in contract liabilities at the previously beginning of the reporting period:		
Sale of goods	68,705	74,790

(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 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 are as follows:

	2023 HK$	2022 HK$
Other income and gains		
Bank interest income	17,458	47
Commission income	1,287,065	1,261,296
Foreign exchange gain, net	-	35,092
Penalties charged to suppliers	6,081,868	3,395,639
Others	66,961	479,410
	7,453,352	5,171,484

5. PROFIT BEFORE TAX

The Company's profit before tax is arrived at after charging/(crediting):

	Notes	2023 HK$	2022 HK$
Cost of inventories sold		470,616,208	366,595,774
Auditor's remuneration		42,982	37,115
Depreciation for property, plant and equipment	11	877,689	180,960
Depreciation for right-of-use assets	12(a)	1,371,338	528,923
Reversal of impairment of trade receivables	14	(42,982)	(138,886)
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		5,475,442	3,477,721
Pension costs (defined benefit obligation)	17	119,620	181,687
Equity-settled share-based expense		488,898	586,211
		6,083,960	4,245,619
Covid-19-related rent concessions from lessors	12(c)	(51,445)	(915)
Gain on termination of a lease	12(c)	(5,399)	(21,831)
Foreign exchange difference, net*		964,989	(35,092)

* These gains are included in "Other income and gains" and the losses are included in "Other operating expenses", as appropriate, in consolidated statement of profit or loss.

6. FINANCE COSTS

	2023 HK$	2022 HK$
Interest on overdrafts	1,600,800	210,985
Interest on lease liabilities	140,138	23,852
	1,740,938	234,837

7. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year (2022: 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 (2022: Nil).

A reconciliation of the tax charge applicable to profit before tax using the Hong Kong statutory rate to the tax amount at the Company's effective tax rate are as follows:

	2023 HK$	2022 HK$
Profit before tax	34,836,512	35,443,371
Tax charge at Hong Kong statutory tax rate of 16.5% (2022: 16.5%)	5,748,025	5,848,156
Income not subject to tax	(11,524,232)	(10,311,275)
Expenses not subject to tax	5,776,207	4,463,119
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 (2022: Nil).

9. DIVIDENDS

	2023 HK$	2022 HK$
Interim dividend – US$362.44 (2022: US$80) per ordinary share	28,197,964	6,224,000

10. INVESTMENTS IN SUBSIDIARIES

	2023 HK$	2022 HK$
Unlisted investments, at cost	423,980	-

Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 March 2023 are as follows:

Name	Place of incorporation and business	Issued ordinary share capital	Percentage of equity directly attributable to the Company		Principal activities
			2023	2022	
Skope Apparels FZCO	Dubai	100,000 United Arab Emirates Dirham ("AED")	100%	-	Not yet commenced operations
Infinity Fashion FZCO	Dubai	100,000 AED	100%	-	Not yet Commenced operations

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2023				
At 1 April 2022				
Cost	440,067	1,019,455	296,966	1,756,488
Accumulated depreciation	(286,828)	(533,579)	(201,294)	(1,021,701)
Net carrying amount	153,239	485,876	95,672	734,787
At 1 April 2022, net of accumulated depreciation	153,239	485,876	95,672	734,787
Additions	228,280	1,858,593	128,091	2,214,964
Depreciation provided during the year	(145,484)	(653,464)	(78,741)	(877,689)
At 31 March 2023, net of accumulated depreciation	236,035	1,691,005	145,022	2,072,062
At 31 March 2023				
Cost	668,347	2,878,048	425,057	3,971,453
Accumulated depreciation	(432,312)	(1,187,043)	(280,035)	(1,899,390)
Net carrying amount	236,035	1,691,005	145,022	2,072,062

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Computer equipment HK$	Furniture and fixtures HK$	Office equipment HK$	Total HK$
31 March 2022				
At 1 April 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
At 1 April 2021, net of accumulated depreciation	101,513	110,386	48,548	260,447
Additions	127,189	447,828	80,283	655,300
Depreciation provided during the year	(75,463)	(72,338)	(33,159)	(180,960)
At 31 March 2022, net of accumulated depreciation	153,239	485,876	95,672	734,787
At 31 March 2022				
Cost	440,067	1,019,455	296,966	1,756,488
Accumulated depreciation	(286,828)	(533,579)	(201,294)	(1,021,701)
Net carrying amount	153,239	485,876	95,672	734,787

12. LEASES

The Company as a lessee
The Company has lease contracts for office premises which have lease terms between 1 and 5 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 2021	458,328
Additions	7,893,318
Depreciation charge	(528,923)
Termination of a lease	(296,254)
As at 31 March 2022 and 1 April 2022	7,526,469
Additions	353,592
Depreciation charge	(1,371,338)
Termination of a lease	(1,308,060)
As at 31 March 2023	5,200,663

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 HK$	2022 HK$
Carrying amount as at beginning of the year	7,550,102	481,778
Additions	353,592	7,893,318
Accretion of interest recognised during the year	140,138	23,852
Payments	(1,302,717)	(529,846)
Covid-19-related rent concessions from lessors	(51,445)	(915)
Termination of a lease	(1,313,459)	(318,085)
Carrying amount at the end of the year	5,376,211	7,550,102
Analysed into:		
Current portion	1,232,792	1,541,860
Non-current portion	4,143,419	6,008,242

The maturity analysis of lease liabilities is disclosed in note 25 to the financial statements.

12. LEASES (continued)

The Company as a lessee (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 HK$	2022 HK$
Interest on lease liabilities	140,138	23,852
Depreciation charge of right-of-use assets	1,371,338	528,923
Covid-19-related rent concessions from lessors	(51,445)	(915)
Gain on termination of a lease	(5,399)	(21,831)
Total amount recognised in profit or loss	1,454,632	530,029

13. INVENTORIES

The Company's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Company.

14. TRADE RECEIVABLES

	2023 HK$	2022 HK$
Trade receivables	19,497,480	43,551,470
Less: Impairment	(32,735)	(75,717)
	19,464,745	43,475,753

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.

14. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 HK$	2022 HK$
At beginning of year	75,717	214,603
Reversal of impairment loss (note 5)	(42,982)	(138,886)
At end of year	32,735	75,717

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 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.17%	0.17%	0.17%	0.17%	0.17%
Gross carrying amount (HK$)	16,144,001	2,484,762	474,966	393,751	19,497,480
Expected credit losses (HK$)	27,105	4,172	797	661	32,735

As at 31 March 2022

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.17%	0.15%	0.14%	0.16%	0.17%
Gross carrying amount (HK$)	42,607,854	281,259	32,695	629,662	43,551,470
Expected credit losses (HK$)	74,256	408	47	1,006	75,717

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$	2022 HK$
Prepayments	3,335,122	2,842,823
Deposits	637,649	812,878
Other receivables	294,648	1,234,663
	4,267,419	4,890,364
Less: Portion classified as non-current assets	(632,514)	(789,987)
	3,634,905	4,100,377

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 2023 and 2022, the loss allowance was assessed to be minimal.

16. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS

	Notes	2023 HK$	2022 HK$
Trade payables	(i)	12,764,346	47,753,559
Bills payables	(i)	16,432,041	-
		29,196,387	47,753,559
Accrued employee benefits		447,068	366,687
Accruals		11,067,266	14,401,281
Contract liabilities	(ii)	12,302,326	68,705
Defined benefit obligations	17	1,377,398	825,163
		25,194,058	15,661,836
Less: Portion classified as non-current liabilities		(1,377,398)	(825,163)
		23,816,660	14,836,673

16. TRADE AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

Note:

(i) The trade and bills payables are non-interest-bearing and are normally settled on 30-day terms.

(ii) Details of contract liabilities as at 31 March are as follows:

	2023 HK$	2022 HK$	2021 HK$
Short-term advances received from customers			
Sales of goods	12,302,326	68,705	74,790

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities in 2023 were mainly due to the increase in short-term advances received from customers in relation to the future sales of garments at the end of the year. The decrease in contract liabilities in 2022 were 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.

17. 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.

17. 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 2023 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:

	2023	2022
Discount rate (%)	7.5	7.1
Expected rate of salary increases (%)	6.0	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$
2023				
Discount rate	0.5	(68,851)	0.5	74,517
Future salary increase	0.5	74,517	0.5	(69,927)
2022				
Discount rate	0.5	(53,014)	0.5	57,507
Future salary increase	0.5	57,933	0.5	(53,637)

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. DEFINED BENEFIT OBLIGATIONS (continued)

The total expenses recognised in profit or loss in respect of the plan are as follows:

	2023 HK$	2022 HK$
Current service cost	92,452	133,154
Interest cost	27,168	48,533
Net benefit expenses recognised in administrative expenses	119,620	181,687

The movements in the present value of the defined benefit obligations are as follows:

	2023 HK$	2022 HK$
At beginning of year	825,163	693,327
Current service cost	92,452	133,154
Net interest cost	27,168	48,533
Actuarial loss arising from experience adjustments	515,308	122,104
Benefit paid	(59,481)	(171,955)
Exchange realignment	(23,212)	-
At 31 March	1,377,398	825,163

18. INTEREST-BEARING BANK BORROWINGS

	2023 HK$	2022 HK$
Trust receipt loans	40,236,337	8,615,915

The trust receipt loans as at 31 March 2023 were denominated in United States dollars (2022:US$), interest-bearing at cost of funding plus 2% per annum (2022: 2% per annum) and will mature in 2023 (2022: 2022).

The Company's trust receipt loans are guaranteed by the intermediate holding company and one of the directors of the immediate holding company.

19. SHARE CAPITAL

	2023 HK$	2022 HK$
Issued and fully paid:		
10,000 (2022: 10,000) ordinary shares	77,800	77,800

20. SHARE OPTION SCHEME

The employees of the Company are covered under the share-based schemes of Employee Stock Option Plan 2021 – Plan A and Phantom Stock Units Plan 2021 (the ultimate holding company).

Employee Stock Option Plan (ESOP):
The employee stock option plan is offered to all eligible employees fixed numbers of share options. Under the plan, the option price per share is 100 percent of the fair market value on the grant date with a discount of 20 percent. The options have a four-year term plan and would be exercisable in four equal instalments.

Total share-based expense recognised in the statement of profit and loss as part of employee benefits expense is as follows:

	2023 HK$	2022 HK$
Equity-settled share-based expense	119,620	586,211

Computation methodology and assumptions
The Company accounts for all awards granted under the share based schemes and estimates the fair values for stock options using the Black-Scholes option-pricing model with the following weighted average assumptions as follows:

	22 October 2021 HK$	8 December 2021 HK$	30 December 2021 HK$
Weighted average grant date fair value, per share*	28.6	33.0	35.6
Weighted average exercise price, per share*	22.8	22.8	22.8
Weighted average assumptions used:			
Expected volatility	25%	25%	25%
Expected lives (in years)	4	4	4
Risk-free interest rates	5.50%	5.65%	5.85%
Expected dividend yields	1.12%	95%	0.88%

*During the year, the ultimate holding company's stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

20. SHARE OPTION SCHEME (continued)

The Company determines expected volatility on all options granted using available implied volatility rates. The Company believes that market-based measures of implied volatility are currently the best available indicators of the expected volatility used in these estimates. The Company determines expected lives of options based on the weighted average life of the options. The Company believes that the weighted average life of the options is the best estimate currently available. The risk-free interest rates are determined using the implied yield currently available for zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The expected dividend yields are based on the annualised approved quarterly dividend rate and the current market price of the ultimate holding company's common stock at the time of grant. No assumption for a future dividend rate change is included unless there is an approved plan to change the dividend in the near term. Employee stock purchase plan is a discount-purchase plan and consequently, the fair value per share under this plan equals the amount of the discount.

Summarised information about movement in the share based schemes:

The Options outstanding under the employee stock purchase plan as of 31 March 2023 had an exercise price equal to 80 percent of the fair market value of holding company's stock on the date of exercise.

The following share options were outstanding under the Scheme during the year:

	2023		2022	
	Weighted average exercise price HK$ per share*	Number of options*	Weighted average exercise price HK$ per share	Number of options
At 1 April	114	5,200	-	-
Adjustment of stock split	-	20,800	-	-
Granted during the year	-	-	114	5,200
At 31 March	28.15	26,000	114	5,200

*During the year, the ultimate holding company’s stock has been split 1:5 from face value of HK$1.29 to HK$0.26.

21. 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:

	2023 HK$	2022 HK$
Intermediate holding company:		
Management fees paid	939,264	526,675
Marketing fees received	142,303	44,840
Recharge expenses paid	31,120	-
Fellow subsidiaries:		
Purchase of goods	-	40,967,390
Recharge income received	30,329	-
Sampling fees paid	4,513,639	3,020,090

(b) The balances with the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries are unsecured, interest-free and repayable on demand.

(c) Particulars of an amount due from a director, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, is as follows:

Name	At 31 March 2022 HK$	Maximum amount outstanding during the year HK$	At 31 March 2021 HK$	Maximum amount outstanding during the year HK$	At 1 April 2020 HK$
Rajnish Kapoor	233,797	233,797	-	-	-

The amount due from a director is unsecured, interest-free and repayable on demand.

The key management personnel of the Company did not receive any compensation in respect of their services rendered to the Company during the year (2022: Nil).

22. 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$353,592 (2022: HK$7,893,318) and HK$353,592 (2022: HK$7,893,318), respectively, in respect of lease arrangements for office premises.

22. 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 2021	481,778	12,295,773
New lease	7,893,318	-
Changes from financing cash flows	(529,846)	(3,679,858)
Interest expense	23,852	-
Covid-19-related rent concessions from lessors	(915)	-
Termination of a lease	(318,085)	-
At 31 March 2022 and 1 April 2022	7,550,102	8,615,915
New leases	353,592	-
Changes from financing cash flows	(1,302,717)	31,620,422
Interest expense	140,138	-
Covid-19-related rent concessions from lessors	(51,445)	-
Termination of a lease	(1,313,459)	-
At 31 March 2023	5,376,211	40,236,337

23. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Company comprise trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from a director, the ultimate holding company, the immediate holding company, an intermediate holding company and 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 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, lease liabilities 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.

24. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Management has assessed that the fair values of trade receivables, financial assets included in current portion of deposits and other receivables, cash and cash equivalents, trade and bills payables, financial liabilities included in current portion of other payables and accruals, interest-bearing bank borrowings, balances with a director, the ultimate holding company, the immediate holding company, an intermediate holding company and fellow subsidiaries approximated to their carrying amounts largely due to the short term maturities of these instruments.

The Company's own non-performance risk for interest-bearing bank borrowings as at 31 March 2023 and 31 March 2022 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.

25. 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 functional currency. Majority of the Company's revenue and expenses are denominated in either United States Dollars ("US$") or HK$. As the HK$ is pegged to US$ within a narrow band, the Company does not anticipate significant movements in the US$/HK$ exchange rate. Accordingly, management considers the Company's foreign currency risk exposure is not significant.

25. 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 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$	Stage 2 HK$	Stage 3 HK$	Simplified approach HK$	Total HK$
Trade receivables*	-	-	-	19,497,480	19,497,480
Financial assets included in deposits and other receivables					
- Normal**	932,297	-	-	-	932,297
Due from the ultimate holding company					
- Normal**	1,601,240	-	-	-	1,601,240
Due from the immediate holding company					
- Normal**	82,347,361	-	-	-	82,347,361
Due from a director					
- Normal**	233,797	-	-	-	233,797
Cash and cash equivalents					
- Not yet past due	3,234,999	-	-	-	3,234,999
	88,349,694	-	-	19,497,380	107,847,074

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 March 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$	HK$	HK$	HK$	HK$
Trade receivables*	-	-	-	43,551,470	43,551,470
Financial assets included in deposits and other receivables					
- Normal**	2,047,541	-	-	-	2,047,541
Due from the ultimate holding company					
- Normal**	864,682	-	-	-	864,682
Due from the immediate holding company					
- Normal**	16,655,614	-	-	-	16,655,614
Due from an intermediate holding company					
- Normal**	44,840	-	-	-	44,840
Due from fellow subsidiaries					
- Normal**	1,657,218	-	-	-	1,657,218
Cash and cash equivalents					
- Not yet past due	3,207,705	-	-	-	3,207,705
	24,477,600	-	-	43,551,470	68,029,070

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 14 to the financial statements.

** The credit quality of amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries and an intermediate holding company and financial assets included in deposits and other receivables 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".

25. 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 2023

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	1,336,468	4,296,346	5,632,814
Trade and bills payables	29,196,387	-	29,196,387
Financial liabilities included in other payables and accruals	11,067,266	-	11,067,266
Due to fellow subsidiaries	1,192,136	-	1,192,136
Interest-bearing bank borrowings	41,148,495	-	41,148,495
	83,940,752	4,296,346	88,237,098

As at 31 March 2022

	On demand/ less than 1 year HK$	1 to 5 years HK$	Total HK$
Lease liabilities	1,687,401	6,304,056	7,991,457
Trade and bills payables	47,753,559	-	47,753,559
Financial liabilities included in other payables and accruals	14,401,281	-	14,401,281
Due to fellow subsidiaries	3,557,475	-	3,557,475
Interest-bearing bank borrowings	8,615,915	-	8,615,915
	76,015,631	6,304,056	82,319,687

25. 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 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. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on

14 SEP 2023

Auditor's 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 80 which comprise the consolidated statement of financial position as at 31 March 2023, 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 2023, 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.

INDEPENDENT MEMBER

Auditor's 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.

Auditor’s 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,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date:

INDEPENDENT MEMBER

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements

31 March 2023

Multinational Textile Group Limited and its subsidiaries

Consolidated financial statements
for the year ended 31 March 2023

Contents	*Page*

Corporate data

		Date of appointment	Date of resignation
Directors:	Deepak Kumar Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Ashish Gupta	3 August 2021	10 April 2023
	Parikh Nishant	8 December 2021	-
	Sharmil Shah	1 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	7 August 2018	-
	Krishna Ramguttee (Alternate to Shameem Kureemun)	7 August 2018	-

Company 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
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Bankers: HSBC Bank (Mauritius) Limited
Icon Ebène, Level 5,
Office 1 (West Wing)
Rue de l'institut
Ebène
Republic of Mauritius

AfrAsia Bank Limited
4th Flooor, NeXTeracom
TOWER III, Ebène
Republic of Mauritius

UBS AG
5 Broadgate
London EC2M 2AN

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 2023.

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 8,000,000 for the year under review (2022: USD 7,500,000).

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

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:**

Secretary's certificate
for the year ended 31 March 2023

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:………………………………

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2023

	Notes	**2023**	2022
		USD	USD
Revenue	8	**1,239,262,048**	1,155,079,795
Cost of sales		**(1,056,693,921)**	(984,944,265)
Gross profit		**182,568,127**	170,135,530
Operating income		**27,912,937**	19,503,356
Other income		**10,193,895**	9,960,394
Marketing, selling and distribution expenses		**(18,440,507)**	(22,694,337)
Manufacturing and other expenses		**(688,733)**	(602,073)
Share of profit / (loss) of joint venture		**39,721**	(77,655)
General and administrative expenses		**(140,825,806)**	(126,415,990)
Depreciation and amortization	12,14,19	**(9,052,147)**	(8,701,777)
Results from operating activities		**51,707,487**	41,107,448
Finance income		**514,915**	1,280,624
Finance costs		**(10,998,731)**	(3,715,590)
Net finance costs	9	**(10,483,816)**	(2,434,966)
Profit before taxation		**41,223,671**	38,672,482
Taxation	10	**(2,874,919)**	(1,792,334)
Profit for the year		**38,348,752**	36,880,148

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income (continued)

for the year ended 31 March 2023

	2023	2022
	USD	USD
Profit for the year	**38,348,752**	36,880,148
Other comprehensive income		
Foreign currency translation differences for foreign operations	**(7,205,020)**	(948,670)
Net (loss)/gain on cash flow hedges	**(394,333)**	125,788
Net movement in capital reserves	**(187,370)**	(250,625)
Net movement in fair value through profit or loss reserves	**364,294**	(264,543)
Other comprehensive income for the year	**(7,422,429)**	(1,338,050)
Total comprehensive income for the year	**30,926,323**	35,542,098
Profit attributable to:		
Owners of the company	**30,711,535**	30,998,570
Non-controlling interest	**7,637,217**	5,881,577
Profit for the year	**38,348,752**	36,880,147
Total comprehensive income attributable to:		
Owners of the company	**24,456,906**	29,029,584
Non-controlling interest	**6,469,417**	6,512,513
Total comprehensive income for the year	**30,926,323**	35,542,097

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of financial position

for the year ended 31 March 2023

	Notes	**2023**	2022
		USD	USD
Assets			
Non-current assets			
Property, plant and equipment	11	**27,297,125**	30,603,630
Capital work in progress	12	**930,812**	412,866
Goodwill	13	**7,759,020**	6,830,071
Intangible assets	14	**2,672,411**	455,418
Right of use assets	34(a)	**13,069,791**	14,523,135
Financial assets at fair value through profit or loss	15	**9,885,403**	22,397,470
Financial assets at fair value through other comprehensive income	16	**21,348,254**	1,096,746
Other investments	17	**-**	2,288
Interest in joint ventures and associates	18	**11,903,604**	12,638,398
Investment property	19	**-**	2,861,433
Receivables	20	**187,733**	208,809
Deferred tax assets	21	**1,029,101**	1,302,481
Total non-current assets		**96,083,254**	93,332,745
Current assets			
Inventories	22	**30,903,309**	40,150,104
Financial assets at fair value through profit or loss	15	**6,454,934**	5,067,480
Derivative financial instruments	31	**67,700**	365,797
Trade and other receivables	23	**162,677,469**	232,159,636
Cash and cash equivalents	29	**53,729,011**	57,851,715
Total current assets		**253,832,423**	335,594,732
Total assets		**349,915,677**	428,927,477

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

.............................……….. ....………..

Director Director

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of financial position (continued)

for the year ended 31 March 2023

	Notes	**2023**	2022
		USD	USD
Equity and liabilities			
Equity			
Stated capital	24	**21,948,270**	21,948,270
Reserves	25	**96,202,178**	81,352,405
Equity attributable to owners of the Company		**118,150,448**	103,300,675
Non-controlling interests	26	**7,168,852**	8,886,563
Total equity		**125,319,300**	112,187,238
Liabilities			
Non-current liabilities			
Long term loans	27	**-**	2,125
Lease liabilities	34(b)	**8,780,836**	11,376,845
Employee benefit		**2,399,532**	1,998,755
Total non-current liabilities		**11,180,368**	13,377,725
Current liabilities			
Short term loans	28	**68,734,513**	78,797,570
Bank overdrafts	29	**2,849,271**	2,003,543
Tax payable		**2,284,276**	1,967,995
Trade and other payables	30	**133,265,089**	215,284,731
Derivative financial instruments	31	**83,975**	110,535
Lease liabilities	34(b)	**4,682,163**	3,259,335
Employee benefit		**1,516,722**	1,938,805
Total current liabilities		**213,416,009**	303,362,514
Total liabilities		**224,596,377**	316,740,239
Total equity and liabilities		**349,915,677**	428,927,477

Approved by the Board of Directors on. ……………………………. and signed on its behalf by

……………………………..   ……………………………..

Director   Director

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2023

	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 2022	**21,948,270**	**295,917**	**(3,647,264)**	**(2,135,504)**	**86,785,779**	**53,477**	**103,300,675**	**8,886,563**	**112,187,238**
Transactions with owners of the Company									
Contributions by and distributions									
Other Comprehensive Income Gratuity	-	-	-	-	**(301,614)**	-	**(301,614)**	-	**(301,614)**
Dividend declared and paid	-	-	-	-	**(8,000,000)**	-	**(8,000,000)**	**(8,268,990)**	**(16,268,990)**
Acquisition of NCI without a change in control							-		-
Acquisition of NCI without a change in control	-	-	-	-	**(3,428,925)**	-	**(3,428,925)**	**(325,849)**	**(3,754,774)**
Share based payment reserves	-	-	-	-	**2,123,406**		**2,123,406**	-	**2,123,406**
Acquisition of NCI	-	-	-	-	-	-	-	**407,711**	**407,711**
Total comprehensive income							-		-
Profit for the year	-	-	-	-	**30,711,535**	-	**30,711,535**	**7,637,217**	**38,348,752**
Other comprehensive income									
Net movement in fait value through profit or loss reserves	-	-	-	-	-	**364,294**	**364,294**	-	**364,294**
Foreign currency translation differences on foreign operations	-	-	**(6,037,220)**	-	-	-	**(6,037,220)**	**(1,167,800)**	**(7,205,020)**
	-	-	-	-	-	-	-	-	-
Net movement in capital reserves	-	-	-	**(187,370)**	-	-	**(187,370)**	-	**(187,370)**
Net loss on cash flow hedges	-	**(394,333)**	-	-	-	-	**(394,333)**	-	**(394,333)**
Balance at 31 March 2023	**21,948,270**	**(98,416)**	**(9,684,484)**	**(2,322,874)**	**107,890,181**	**417,771**	**118,150,448**	**7,168,852**	**125,319,300**

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

for the year ended 31 March 2023

	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 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
Transactions with owners of the Company									
Contributions by and distributions									
Other Comprehensive Income Gratuity	-	-	-	-	34,257	-	34,257	-	34,257
Dividend declared and paid	-	-	-	-	(7,500,000)	-	(7,500,000)	(7,314,020)	(14,814,020)
Share based payment reserves	-	-	-	-	1,579,087	-	1,579,087	-	1,579,087
Acquisition of NCI	-	-	-	-	(724,483)	-	(724,483)	-	(724,483)
Total comprehensive income									
Profit for the year	-	-	-	-	30,998,570	-	30,998,570	5,881,577	36,880,147
							-		-
Other comprehensive income							-		-
Net movement in fair value through profit							-		-
or loss reserves	-	-	-	-	-	(954,210)	(954,210)	689,667	(264,543)
Foreign currency translation differences on							-	-	-
foreign operations	-	-	(889,939)	-	-	-	(889,939)	(58,731)	(948,670)
Net movement in capital reserves	-	-	-	(250,625)	-	-	(250,625)	-	(250,625)
Net loss on cash flow hedges	-	125,788	-	-	-	-	125,788	-	125,788
Balance at 31 March 2022	21,948,270	295,917	(3,647,264)	(2,135,504)	86,785,779	53,477	103,300,675	8,886,563	112,187,238

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2023

	2023	2022
	USD	USD
Cash flows from operating activities		
Profit before tax	**41,223,671**	38,672,482
Adjustments for:		
Depreciation and amortisation	**9,052,147**	8,701,777
Share of loss of joint venture	**(39,721)**	77,655
Exchange difference	**(7,477,710)**	775,038
Operating profit before changes in working capital	**42,758,387**	48,226,952
Changes in working capital		
Change in inventories	**9,246,795**	(13,185,021)
Change in receivables and trade and other receivables	**69,503,246**	(64,579,091)
Change in payables and trade and other payables	**(82,019,648)**	77,815,294
	39,488,780	48,278,134
Tax paid	**(2,285,258)**	(2,821,652)
Net cash from operating activities	**37,203,522**	45,456,482
Cash flows from investing activities		
Acquisition of property, plant and equipment and capital work in progress	**(5,942,076)**	(13,698,847)
Proceeds from sale of property, plant and equipment and right in use of assets	**603,838**	1,793,195
Movement in financial assets at fair value through other comprehensive income	**(21,638,961)**	3,987,126
Movement in financial assets at fair value through profit or loss	**12,512,067**	(12,801,525)
Proceeds from sale of subsidiary	**2,287**	634
Movement in investment property	**2,861,433**	7,543,317
Movement in intangibles	**(2,216,993)**	27,136
Movement in goodwill	**(928,948)**	53,224
Movement in Joint venture	**734,793**	(11,388,811)
Movement in capital work in progress	**(517,946)**	-
Net cash used in investing activities	**(14,530,506)**	(24,484,551)

The notes on pages 15 to 80 form part of these consolidated financial statements.

Consolidated statement of cash flows (continued)

for the year ended 31 March 2023

	2023	2022
	USD	USD
Cash flows from financing activities		
Dividend paid	**(16,258,990)**	(17,595,055)
Repayment of obligation under finance lease	**(1,173,181)**	5,325,375
Movement in employee benefits obligation	**(21,305)**	404,072
Movement in short terms loans	**(10,063,051)**	14,617,626
Movement in long term loans	**(2,125)**	(83,299)
Movement in derivative financial instrument	**(122,796)**	(31,201)
Net cash used in financing activities	**(27,641,448)**	2,637,518
Net movement in cash and cash equivalents	**(4,968,432)**	23,609,449
Cash and cash equivalents at 01 April	**55,848,172**	32,238,723
Cash and cash equivalents at 31 March *(note 29)*	**50,879,740**	55,848,172
Cash and cash equivalent comprise:		
Cash in hand and at banks	**53,729,011**	57,851,715
Bank overdraft	**(2,849,271)**	(2,003,543)
Cash and cash equivalent at 31 March	**50,879,740**	55,848,172

The notes on pages 15 to 80 form part of these consolidated financial statements.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

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 2023 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)	**20**	PDS Asia Star Corporation Limited
2	BluePrint Design Ltd	**21**	PDS Far East USA, Inc.
3	Casa Forma Limited	**22**	PDS Global Investments Limited
4	Clover Collections Limited (formerly known as DS Manufacturing Limited / Designed and Sourced Limited)	**23**	PDS Trading (Shanghai) Co. Ltd
5	Clover Collections FZCO	**24**	PDS Ventures Ltd
6	Design Arc Asia Limited (Old Name: Design Arc Limited / NOR France Manufacturing	**25**	PG Group Limited
7	Design Arc Europe Limited (Old Name: Nor Europe Manufacturing Co. Limited)	**26**	PG Home Group Limited
8	Design Arc FZCO	**27**	PG Home Group SpA
9	Design Arc UK Limited	**28**	PG Shangha Mfg Co. Ltd
10	Digital Ecomm Techno Limited	**29**	Poetic Brands Limited
11	Digital Internet Technologies Limited	**30**	Poetic Knitwear Ltd
12	Apex Black Limited	**31**	Poeticgem International Ltd
13	Fareast Vogue Limited	**32**	Poeticgem Ltd
14	PDS Smart Fabric Tech Limited (formerly known as: Fullhouse Manufacturing Limited)	**33**	Progress Apparels (Bangladesh) Limited
15	FX Import Co. Limited	**34**	Progress Manufacturing Group Ltd
16	FX Imports Hong Kong Limited	**35**	Recovered Clothing Limited
17	Green Apparel Industries Ltd	**36**	Redwood Internet Ventures Limited
18	Gree Smart Shirts Limited	**37**	Rising Asia Star Hong Kong Co., Limited (Old names: Techno Manufacturing Limited /
19	Grupo Sourcing Limited	**38**	Simple Approach (Canada) Ltd (Formerly: Poeticgem Canada Limited)

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

1. **General information (continued)**

39	Grupo Sourcing Limited Bangladesh	**66**	Simple Approach Limited
40	Jcraft Array Limited	**67**	Smart Notch Industrial Limited
41	JJ Star Industrial Limited	**68**	Smart Notch Ltd. (Shanghai)
42	Techno Sourcing BD Limited	**69**	Casa collective Limited (Formerly known as Sourcing East WestLimited
43	Kindred Brands Limited (Old Name: NW Far-east Limited)	**70**	Sourcing Solution Europe BVBA
44	Kindred Fashions Limited	**71**	Spring Near East FZCO
45	Kleider Sourcing FZCO	**72**	Spring Near East Manufacturing Co. Limited
46	Kleider Sourcing Hong Kong Limited	**73**	Styleberry Limited
47	Kleider Sourcing Limited Bangladesh	**74**	Techno Design GmBH
48	Krayons Sourcing Limited (old name: Sourcing Solutions HK Limited)	**75**	Techno Design HK Limited (Old Name: DPOD Manufacturing Limited)
49	Lilly and Sid Ltd	**76**	Technocian Fashions Pvt Limited
50	Multinational Textile Group Limited	**77**	Twins Asia FZCO
51	Multinational OSG Services Bangladesh Limited	**78**	Twins Asia Limited (6Degree Manufacturing Ltd)
52	Nor Manufacturing SI.A	**79**	6 Degree Manufacturing Limited (formerly known as Zamira Denim Lab Limited)
53	Nor India Manufacturing Co. Limited	**80**	Zamira Fashions Limited
54	Nor Lanka Manufacturing Colombo Limited	**81**	Zamira Fashions Limited Zhongshan
55	Nor Lanka Manufacturing Ltd	**82**	Poeticgem International FZCO
56	Nor Lanka Progress Pvt Ltd	**83**	PDS Multinational FZCO
57	Norwest Industries Limited	**84**	Filkor Limited
58	Pacific Logistics Ltd	**85**	Loop Digital Wardrobe Limited
59	PDS Manufacturing Limited	**86**	PG Capital FZE
60	PDS Far-east Limited	**87**	Yellow Octopus Fashion Ltd
61	PDS Sourcing Limited (Old name: Global Textile Group Limited)	**88**	Yellow Octopus EU SP
62	PDS Ventures Limited (Old name: Multi Tech Venture Limited)	**89**	One Stop Shop Solutions
63	Brand Collective Limited	**90**	Yellow Octopus Ventures FZCO
64	Kindred Brands Limited	**91**	Reflaunt Pte Ltd
65	Kinder sourcing Limited	**92**	Kindred Fashion Limited

2 (a). 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.

(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.

2 (b). 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

2 (b). **Basis of consolidation (continued)**

(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.

(iii) Non-Controling Interest (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 conttrol

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **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.

3. **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 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.

3. **Significant accounting policies (continued)**

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.

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).

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

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.

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.

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

- 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;

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial assets (continued)

- 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 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 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).

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

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

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.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Financial assets carried at amortised cost

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.

Fair value measurement

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 principl market for the assets 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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Fair value measurement

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) inactive markets for identical assets or
- 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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (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 Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset that have expired
- 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

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.

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.

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Initial recognition and subsequent measurement (continued)

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.

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

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Financial instruments (continued)

Initial recognition and subsequent measurement (continued)

Current versus non-current classification (continued)

Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

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

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

Dividend income

Dividend income from investments is accounted for in profit or loss when the right to receive payment is established.

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.

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

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

<u>*Stated capital*</u>

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.

<u>*Foreign currencies*</u>

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.

<u>*Foreign currencies (continued)*</u>

(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.

<u>*Dividends to shareholder*</u>

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

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.

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.

3. **Significant accounting policies (continued)**

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

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.

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

3. **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.

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.

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;

3. **Significant accounting policies (continued)**

Finance income and finance costs (continued)

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.

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

3. **Significant accounting policies (continued)**

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.

4. **Changes in signficant accounting policies**

4.1 New and amended standards and interpretations that are mandatorily effective for the current year

In the current year, the Group has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 01 April 2022.

IFRS 9 Financial Instruments – Amendments resulting from Annual Improvements to IFRS Standard 2018-2020 (fees in the '10 per cent' test for derecognition of financial liabilities)

IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments regarding the costs t include when assessing whether a contract is onerous

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

5. **Changes in signficant accounting policies (continued)**

4.2 New and revised IFRSs in issue but not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are as follows, which are effective for the period beginning 1 April 2023:

IAS 1 Presentation of Consolidated Financial Statement – Amendments regarding the disclosure accounting policies (effective 01 July 2023)

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors – Amendments regarc the definition of accounting estimates (effective 01 July 2023)

IAS 1 Presentation of Consolidated Financial Statement – Amendments regarding the classificat of debt with covenants (effective 01 January 2024)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the adoption of these amendments.

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

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.

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).

5. **Critical accounting judgements and key sources of estimatipon 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

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).

5. **Critical accounting judgements and key sources of estimatipon uncertainty (continued).**

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.

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.

5. **Critical accounting judgements and key sources of estimatipon 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 2023

6. **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 2023	**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**	**Total USD**	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets								
Financial assets at fair value through profit or loss	**-**	**16,340,337**	**-**	**16,340,337**	**2,960,946**	**3,635,640**	**9,743,751**	**16,340,337**
Financial assets at fair value through other comprehensive income	**-**	**-**	**21,348,254**	**21,348,254**	**-**	**-**	**21,348,254**	**21,348,254**
Receivables	**187,733**	**-**	**-**	**187,733**	**-**	**-**	**-**	**-**
Trade and other receivables	**156,790,284**	**-**	**-**	**156,790,284**	**-**	**-**	**-**	**-**
Derivative financial instruments	**-**	**67,700**	**-**	**67,700**	**-**	**67,700**	**-**	**67,700**
Cash and cash equivalents	**53,729,011**	**-**	**-**	**53,729,011**	**-**	**-**	**-**	**-**
	210,707,028	**16,408,037**	**21,348,254**	**248,463,319**	**2,960,946**	**3,703,340**	**31,092,005**	**37,756,291**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. Financial instruments - Fair values and risk management (continued)

Accounting classifications and fair value (continued)

31 March 2023	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	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities								
Loans	68,734,513	-	-	68,734,513	-	-	-	-
Trade and other payables	133,265,089	-	-	133,265,089	-	-	-	-
Derivative financial instruments	-	83,975	-	83,975	-	83,975	-	83,975
Bank overdraft	2,849,271	-	-	2,849,271	-	-	-	-
	204,848,873	83,975	-	204,932,848	-	83,975	-	83,975

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Accounting classifications and fair value (continued)

31 March 2022	**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**	**Total USD**	**Level 1 USD**	**Level 2 USD**	**Level 3 USD**	**Total USD**
Financial assets								
Financial assets at fair value through profit or loss	-	27,464,950	-	27,464,950	5,216,765	3,535,368	18,712,817	27,464,950
Financial assets at fair value through other comprehensive income	-	-	1,096,746	1,096,746	-	455,333	641,413	1,096,746
Receivables	208,809	-	-	208,809	-	-	-	-
Trade and other receivables	228,391,138	-	-	228,391,138	-	-	-	-
Derivative financial instruments	-	365,797	-	365,797	-	365,797	-	365,797
Cash and cash equivalents	57,851,715	-	-	57,851,715	-	-	-	-
	286,451,662	27,830,747	1,096,746	315,379,155	5,216,765	4,356,498	19,354,230	28,927,493

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. Financial instruments - Fair values and risk management (continued)

Accounting classifications and fair value (continued)

31 March 2022	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	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial liabilities								
Loans	78,799,695	-	-	78,799,695	-	-	-	-
Trade and other payables	215,284,731	-	-	215,284,731	-	-	-	-
Derivative financial instruments	-	110,535	-	110,535	-	110,535	-	110,535
Bank overdraft	2,003,543	-	-	2,003,543	-	-	-	-
	296,087,969	110,535	-	296,198,504	-	110,535	-	110,535

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **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.

6. **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.

	%	2023 USD	2022 USD
Trust receipt loan	1.5% -7% over base rate	**53,809,198**	53,845,926
Other bank loans	1%-2% over base rate	**14,925,315**	24,951,644
		68,734,513	78,797,570

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 2023 would increase/decrease by USD 343,672 (2022: USD 393,963). This is mainly attributable to the Group's exposure to interest rates on variable rate of interest.

	Impact on profit before tax **2023** **USD**	Impact on profit before tax 2022 USD
Trust receipt loan	**269,046**	269,230
Other bank loans	**74,626**	124,733
	343,672	393,963

- *Currency risk*

The majority of the Group's foreign currency transactions are in Pound Sterling (GBP), Euro (EUR), Bangladesh Taka (BDT), Canadian Dollar (CAD), 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, 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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

	Net financial Assets/(liabilities)	Net financial Assets/(liabilities)
	2023	2022
	USD	USD
GBP	**5,989,596**	6,506,368
EUR	**844,494**	917,362
BDT	**344,784**	374,536
CAD	**110,996**	120,580
CHF	**107**	119
LKR	**4,069**	4,415
CNY	**493,916**	536,534
	7,787,962	8,459,914

Sensitivity analysis

	2023	2022
Currency	**USD**	USD
GBP	**598,960**	650,637
EUR	**84,449**	91,736
BDT	**34,478**	37,454
CAD	**11,100**	12,058
CHF	**11**	12
LKR	**407**	441
CNY	**49,392**	53,653
	778,796	845,991

A 10 % strengthening of USD against the above currencies at 31 March 2023 would have increase net profit before tax by USD 778,796 (2022 increase: USD 845,991). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2022.

Similarly a 10 percent weakening of the USD against the above currencies at 31 March 2023 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 that counterparty will default on its contractual obligations resulting in finance loss to the Group. The Group continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Group also uses expected credit loss model to assess the impairment loss in trade receivables and makes an allowance of doubtful trade receivables using this model. The credit risk also arises from cash and cash equivalents, deposits from banks and other financial assets measured at amortised cost.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

Credit risk (continued)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored. The Company limits its exposure to credit risk from trade receivables by establishing a appropriate credit period for customer. Loss rates are based on actual credit loss experience and past trends. Based on the historical data, loss on collection of receivable is not material hence no additional provision created.

The ageing analysis of trade receivables as of the reporting date is as follows:

	2023	2022
	USD	USD
Less than 30 days	**97,460,086**	160,422,530
30 to 90 days	**16,355,738**	8,426,593
More than 90 days	**5,259,642**	4,124,267
Total	**119,075,466**	172,973,390

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default. This applies to most of the subsidiaries.

The total impairment loss amounting to USD 760,844 as at March 31, 2023 (March 31, 2022: USD 1,008,430) on trade receivables.

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 2023	**Carrying amount**	**Within one year**	**One-five years**	**More than fiveyears**
	USD	**USD**	**USD**	**USD**
Financial liabilities				
Loans	**68,734,513**	**68,734,513**	**-**	**-**
Trade and other payables	**133,265,080**	**133,265,080**	**-**	**-**
Derivatives financial instrument	**83,975**	**83,975**	**-**	**-**
Bank overdraft	**2,849,271**	**2,849,271**	**-**	**-**
	204,932,839	**204,932,839**	**-**	**-**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

6. **Financial instruments - Fair values and risk management (continued)**

Financial risk management (continued)

Liquidity risk

31 March 2023	Carrying amount USD	Within one year USD	One-five years USD	More than five years USD
Financial liabilities				
Loans	78,799,695	78,797,570	2,125	-
Trade and other payables	215,284,731	215,284,731	-	-
Derivatives financial instrument	110,535	110,535	-	-
Bank overdraft	2,003,543	2,003,543	-	-
	296,198,504	296,196,379	2,125	-

7. **Capital mangement**

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.

8. **Revenue**

Revenue consists of the following:	**2023 USD**	2022 USD
Sales of garments	**1,239,262,048**	1,155,079,795

9. **Net finance costs**

	2023 USD	2022 USD
Finance income		
Interest income	**514,915**	106,998
Exchange difference		1,173,626
	514,915	1,280,624
Finance costs		
Interest expense	**(9,897,364)**	(3,715,590)
Exchange difference	**(1,101,367)**	
	(10,998,731)	(3,715,590)
Net finance costs	**(10,483,816)**	(2,434,966)

10. **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:

	2023	2022
	USD	USD
<u>**Current tax expense**</u>		
Current year	**3,148,299**	2,705,396
Deferred tax	**(273,380)**	(147,878)
Adjustment for prior year	**-**	(765,184)
Total tax expense	**2,874,919**	1,792,334

Reconciliation of effective tax	**2023**	2022
	USD	USD
Profit before taxation	**41,223,671**	38,672,482
Tax at the applicable tax rate	**7,713,239**	11,142,808
Non-deductible expenses	**21,875,408**	13,193,779
Tax exempt income	**(25,108,085)**	(21,120,453)
Group relief surrendered	**2,723**	(11,542)
Deemed tax credit	**-**	(115,225)
Tax losses utilised	**(8,318)**	(44,811)
Effect of tax in foreign jurisdictions	**64,328**	(232,192)
Change in recognized temporary difference	**23,786**	(13,087)
Unrealized tax losses not recognised	**703,803**	366,186
Over provided in prior years	**(337,509)**	(707,874)
Capital allowances	**(885,804)**	-
Underlying tax suffered	**(1,168,652)**	(665,254)
	2,874,919	1,792,335

<u>PG Group Limited</u>

As at the end of the reporting period, certain subsidiaries of PG Group Limited have unused tax losses arising in Mainland China of USD 50,411 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 863,477(2022: USD 759,529), 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 863,477 (2022: USD 809,940), 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 2023

11. Property, plant and equipment

Cost	Leasehold improvement USD	Land and buildings Freehold USD	Land and buildings leasehold USD	Plant and machinery USD	Office equipment USD	Computer and IT equipment USD	Other equipment USD	Furniture and fixtures USD	Motor vehilcles USD	Total USD
At 01 April 2022	**10,429,581**	**8,397,383**	**2,431,505**	**13,381,928**	**9,626,225**	**1,743,605**	**3,824,197**	**7,083,389**	**1,170,832**	**58,088,645**
Additions/transfers during the year	**726,486**	**678,260**	**75,858**	**810,496**	**1,915,122**	**362,301**	**117,389**	**1,255,653**	**510**	**5,942,075**
Disposal during the year	**(243,461)**	**-**	**-**	**(4,147)**	**(133,976)**	**(4,965)**	**(3,345)**	**(78,081)**	**(135,863)**	**(603,838)**
Reclassification during the year		**-**	**-**	**-**	**(183,023)**	**27,175**	**-**	**(34,682)**	**(2,365)**	**(192,895)**
Adjustment during the year	**(378)**	**-**	**-**	**45,102**	**(15,402)**	**(38,555)**	**(9,460)**	**(27,129)**	**(177,675)**	**(223,497)**
Exchnage re-alignment	**(498,465)**	**(847,052)**	**(850,804)**	**(519,687)**	**(544,593)**	**(58,032)**	**(642,758)**	**(170,236)**	**(842)**	**(4,132,469)**
Effect of changes in exchange rates	**(53,912)**	**(20,147)**	**(109,248)**	**(163,801)**	**(65,708)**	**(71,064)**	**(11,255)**	**(237,000)**	**(18,106)**	**(750,241)**
At 31 March 2023	**10,359,851**	**8,208,444**	**1,547,311**	**13,549,891**	**10,598,645**	**1,960,465**	**3,274,768**	**7,791,914**	**836,491**	**58,127,780**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. **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 vehilcles	Total
Cost	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At 01 April 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
Additions/transfers during the year	1,251,205	50,173	608,512	705,767	1,427,227	345,137	97,074	519,406	191,752	5,196,253
Disposal during the year	(104,072)	-	-	(78,038)	(111,543)	(78,197)	(160,074)	(145,307)	-	(677,231)
Reclassification during the year	-	-	-	-	(125,927)	125,927	-	-	-	-
Adjustment during the year	(54,690)	-	(1,169,663)	(51,114)	(77,526)	(169,849)	9,436	(70,199)	(81,861)	(1,665,466)
Exchnage re-alignment	(252)	-	-	16,095	(4,968)	419	(1,122)	(5,799)	-	4,373
Effect of changes in exchange rates	(89,452)	(59,127)	(38,580)	(189,240)	(81,647)	(17,152)	(28,889)	(112,614)	(16,197)	(632,898)
At 31 March 2022	10,429,581	8,397,383	2,431,505	13,381,928	9,626,225	1,743,605	3,824,197	7,083,389	1,170,832	58,088,645

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. Property, plant and equipment (continued)

Depreciation	Leasehold improvement USD	Land and buildings Freehold USD	Land and buildings leasehold USD	Plant and machinery USD	Office equipment USD	Computer and IT equipment USD	Other equipment USD	Furniture and fixtures USD	Motor vehilcles USD	Total USD
At 01 April 2022	4,026,521	1,683,189	98,868	5,391,153	7,470,071	1,275,039	1,452,676	5,095,927	991,571	27,485,015
Charge for the year	717,220	491,578	30,270	935,470	1,068,860	250,892	351,814	774,325	68,538	4,688,967
Disposal during the year	(243,455)	-	-	-	(188,335)	(23,157)		(166,377)	(135,849)	(757,173)
Reclassification during the year	-	-	-	(16,724)	(58,102)	21,446	-	36,655	(235)	(16,960)
Adjustment during the year	73	-	-	28,467	(6,754)	(33,605)	(9,507)	(14,348)	(161,547)	(197,221)
Exchnage re-alignment	(98,753)	(140,682)	-	678,815	10,450	(104,867)	(222,064)	(86,133)	(361)	36,405
Effect of changes in exchange rates	(17,222)	(4,483)	(14,875)	(127,519)	(52,810)	(24,633)	(10,997)	(139,705)	(16,134)	(408,378)
At 31 March 2023	4,384,384	2,029,602	114,263	6,889,662	8,243,380	1,361,115	1,561,922	5,500,344	745,983	30,830,655

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

11. **Property, plant and equipment (continued)**

Depreciation	Leasehold improvement USD	Land and buildings Freehold USD	Land and buildings leasehold USD	Plant and machinery USD	Office equipment USD	Computer and IT equipment USD	Other equipment USD	Furniture and fixtures USD	Motor vehilcles USD	Total USD
At 01 April 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	929,771	24,763,561
Charge for the year	506,563	581,469	44,463	1,163,132	1,055,930	283,330	404,909	695,073	118,699	4,853,568
Disposal during the year	(99,313)	-	-	(50,858)	(94,216)	(47,974)	(47,974)	(93,453)	-	(433,788)
Adjustment during the year	(54,045)	-	(1,069,966)	-	(75,850)	(169,949)	9,435	(67,709)	(43,675)	(1,471,759)
Exchange re-alignment	8,770	37,232	-	93,565	1,915	821	(232)	(2,816)	707	139,962
Effect of changes in exchange rates	(33,538)	(11,176)	(11,818)	(117,799)	(61,722)	(11,653)	(16,541)	(88,351)	(13,931)	(366,529)
At 31 March 2022	4,026,521	1,683,189	98,868	5,391,153	7,470,071	1,275,039	1,452,676	5,095,927	991,571	27,485,015
Net book value										
At 31 March 2023	**5,975,467**	**6,178,842**	**1,433,048**	**6,660,229**	**2,355,265**	**599,350**	**1,712,846**	**2,291,570**	**90,508**	**27,297,125**
At 31 March 2022	6,403,060	6,714,194	2,332,637	7,990,775	2,156,154	468,566	2,371,521	1,987,462	179,261	30,603,630

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

12. **Capital work in progress**

	USD
Cost	
At 01 April 2021	617,771
Addition during the year	648,535
Effect of changes in exchange rates	(12,318)
Transfer during the year	(841,122)
At 31 March 2022	412,866
At 01 April 2022	**412,866**
Addition during the year	**643,099**
Effect of changes in exchange rates	**(16,202)**
Transfer during the year	**(108,951)**
At 31 March 2023	**930,812**

13. **Goodwill**

	2023	2022
Cost	**USD**	**USD**
At 01 April	**6,830,071**	6,883,294
Addition during the year	**999,041**	-
Impairment during the year	**-**	(26,888)
Exchange realignment	**(70,092)**	(26,335)
At 31 March	**7,759,020**	6,830,071

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

14. Intangible assets

	Software USD	Development USD	Trade marks and Patent and license USD	Total USD
Cost				
At 01 April 2021	17,436	2,317	1,220,179	1,239,932
Addition during the year	34,121	-	9,720	43,841
Adjustment during the year	1,186,953	-	-	1,186,953
Exchange realignment	41,907	-	(92,585)	(50,678)
At 31 March 2022	1,280,417	2,317	1,137,314	2,420,048
At 01 April 2022	**1,280,417**	**2,317**	**1,137,314**	**2,420,048**
Addition during the year	**17,748**	**1,357,108**	**962,331**	**2,337,188**
Adjustment during the year		**-**	**-**	**-**
Exchange realignment	**(471)**	**(4,064)**	**737**	**(3,799)**
At 31 March 2023	**1,297,694**	**1,355,361**	**2,100,382**	**4,753,437**
Amortisation				
At 01 April 2021	10,704	2,317	744,355	757,376
Charge for the year	23,875	-	101,305	125,180
Adjustment during the year	1,079,711	-	(1,497)	1,078,214
Exchange realignment	-	-	3,860	3,860
At 31 March 2022	1,114,290	2,317	848,023	1,964,630
At 01 April 2022	**1,114,290**	**2,317**	**848,023**	**1,964,630**
Charge for the year	**34,368**	**-**	**71,952**	**106,321**
Adjustment during the year	**-**	**-**		**-**
Exchange realignment	**9,433**	**-**	**641**	**10,075**
At 31 March 2023	**1,158,091**	**2,317**	**920,616**	**2,081,026**
At 31 March 2023	**139,603**	**1,353,044**	**1,179,766**	**2,672,411**
At 31 March 2022	166,127	-	289,291	455,418

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

15. Financial assets at fair value through profit or loss

	2023 **USD**	2022 **USD**
Equity investments, at fair value	**12,704,697**	18,525,158
Debt investments at fair value	**3,635,640**	5,404,424
Investments in life insurance policies at fair value	**-**	3,535,368
	16,340,337	27,464,950
Current portion	**(6,454,934)**	(5,067,480)
Non-current portion	**9,885,403**	22,397,470

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 2023, 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

	2023 **USD**	2022 **USD**
Non-current assets		
Unlisted investments, at fair value	**21,348,254**	1,096,746

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

17. **Other investments**

	2023	2022
	USD	**USD**
Other investments	-	2,288

18. **Investment in joint ventures and associates**

Interest in joint ventures

	2023	2022
	USD	**USD**
Interest in Joint Ventures (refer below details) (A)	**11,649,928**	12,051,840

The Group has investments in the following joint ventures:

1) Redwood Internet Ventures Limited
2) Digital Internet Technologies Limited
3) Digital Ecom Techno Private Limited
4) Yellow Octopus EU Sp. Z.oo
5) Yellow Octopus EY Spolka z organiczona odpowiedzialnoscia spolka Komandytowa (LLP)
6) One Stop Shop Solutions EU. Sp. Z.oo
7) Yellow Octopus Ventures FZCO
8) One Stop Shop Solutions EU Spolka z organiczona odpowiedzialnoscia spolka komandytowa (LLP)
9) Yellow Octopus Fashion Limited

Interest in associates

	2023	2022
	USD	**USD**
Interest in associates (B)	**253,676**	586,558
Total (A+B)	**11,903,604**	12,638,398

The group also has investment in associate in the following company:

1) GWD Enterprises Limited
2) Loop Digital Wardrobe Limited
3) Reflaunt Pte Limited
4) Sourcing Solution Europe BVBA

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

19. **Investment Property**

	Total
	USD
Cost	
At 01 April 2021	15,780,910
Disposal during the year	(12,497,073)
Effect of changes in exchange rates	(227,674)
At 31 March 2022	3,056,163
At 01 April 2022	**3,056,163**
Disposal during the year	**(3,056,163)**
At 31 March 2023	**-**
	USD
Depreciation	
At 01 April 2021	5,376,160
Charge for the year	273,838
Disposal during the year	(5,459,646)
Effect of changes in exchange rates	4,378
At 31 March 2022	194,730
At 01 April 2022	**194,730**
Charge for the year	
Disposal during the year	**(194,730)**
Effect of changes in exchange rates	
At 31 March 2023	**-**
Net book value	-
At 31 March 2023	
At 31 March 2022	2,861,433

20. **Receivables**

	2023	2022
	USD	USD
Security deposit	**187,733**	208,809
	187,733	208,809

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

21. Deferred tax assets

	2023 USD	2022 USD
At 01 April	**1,302,481**	1,154,603
Charge to the statement of profit or loss during the year	**(273,380)**	147,878
Exchange realignment	**-**	-
At 31 March	1,029,101	1,302,481

22. Inventories

	2023 USD	2022 USD
Finished goods and goods for resale	**7,650,820**	8,865,127
Raw materials	**12,459,773**	18,834,787
Good in transit	**4,629,543**	7,711,679
Work in progress	**6,163,173**	4,738,511
	30,903,309	40,150,104

The Group's inventories represented fabrics sourced for supplies to manufacturers for their production of garments for the Group.

23. Trade and other receivables

	2023 USD	2022 USD
Trade and accounts receivable	**111,137,346**	183,464,555
Non-trade receivables and prepaid expenses	**17,866,017**	21,727,832
Pledged time deposits	**22,303,127**	21,345,726
Amounts due from related parties	**11,658,432**	6,674,392
Less impairment	**(287,453)**	(1,052,869)
	162,677,469	232,159,636

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

23. Trade and other receivables (continued)

An analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2023	2022
	USD	USD
Less than 6 months	**108,806,627**	181,668,075
Over 6 months but less than 1 year	**594,017**	1,842
Over 1 year but less than 2 years	**1,790**	1,735,857
Over 2 years but less than 3 years	**1,734,912**	58,781
	111,137,346	183,464,555

a) There are no receivables at the reporting date having 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) The above impairment loss amounting to March 31, 2023 USD 710,204 (March 31, 2022: USD 1,069,748) related to trade receivables majorly from the subsidiaries namely Simple Approach Limited, Norwest Industries Limited, Poeticgem International Limited, Poetic Brands, Design Arc UK Limited and Techno design GMBH.
d) Trade receivables are generally on terms of not more than 90 days.

24. Stated capital

	2023	2022
	USD	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
for the year ended 31 March 2023

25. Reserves

	Hedging reserves	Translation reserves	Capital reserves	Retained earnings	Faire value reserves	Total
	USD	USD	USD	USD	USD	USD
At 01 April 2022	**295,917**	**(3,647,264)**	**(2,135,504)**	**86,785,779**	**53,477**	**81,352,405**
Transactions with owners of the Company						
Contributions by and distributions						
Other Comprehensive Income Gratuity	-	-	-	**(301,614)**	-	**(301,614)**
Dividend declared and paid	-	-	-	**(8,000,000)**	-	**(8,000,000)**
Acquisition of NCI without a change in control	-	-	-	-	-	-
Acquisition of NCI	-	-	-	**(3,428,925)**	-	**(3,428,925)**
Share based payments reserve	-	-	-	**2,123,406**	-	**2,123,406**
Total comprehensive income						
Profit for the year	-	-	-	**30,711,533**	-	**30,711,533**
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-		-	**364,294**	**364,294**
Foreign currency translation differences on foreign operations	-	**(6,037,218)**	-	-	-	**(6,037,218)**
Net Capital reserves	-	-	**(187,370)**	-	-	**(187,370)**
Net loss on cash flow hedges	**(394,333)**	-	-	-	-	**(394,333)**
Balance at 31 March 2023	**(98,416)**	**(9,684,482)**	**(2,322,874)**	**107,890,179**	**417,771**	**96,202,178**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

25. **Reserves (continued)**

	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Faire value reserves USD	Total USD
At 01 April 2021	170,129	(2,757,325)	(1,884,879)	62,398,348	1,007,687	58,933,960
Transactions with owners of the Company						
Contributions by and distributions						
Other Comprehensive Income Gratuity	-	-	-	34,257	-	34,257
Dividend declared and paid	-	-	-	(7,500,000)	-	(7,500,000)
Acquisition of NCI without a change in control	-	-	-	-	-	-
Acquisition of NCI	-	-	-	(724,483)	-	(724,483)
Share based payments reserve	-	-	-	1,579,087	-	1,579,087
Total comprehensive income						
Profit for the year	-	-	-	30,998,570	-	30,998,570
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-		-	(954,210)	(954,210)
Foreign currency translation differences on foreign operations	-	(889,939)	-	-	-	(889,939)
Net Capital reserves	-	-	(250,625)	-	-	(250,625)
Net loss on cash flow hedges	125,788	-	-	-	-	125,788
Balance at 31 March 2022	295,917	(3,647,264)	(2,135,504)	86,785,779	53,477	81,352,405

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.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

26. Non-controlling interests

	Stated capital	Hedging reserves	Translation reserves	Capital reserves	Retained earnings	Total
	USD	USD	USD	USD	USD	USD
At 01 April 2022	**(5,162,953)**	**(23,567)**	**(2,026,879)**	**1,122,862**	**14,977,100**	**8,886,563**
Transactions with owners of the Company						
Dividend declared and paid	-	-	-	-	**(8,268,990)**	**(8,268,990)**
Capital contribution by NCI	-	-	-	-	-	-
Acquisition of NCI without a change in control	-	-	-	-	**(325,849)**	**(325,849)**
Acquisition of NCI	-	-	-	-	**407,711**	**407,711**
Total comprehensive income						
Profit for the year	-	-	-	-	**7,637,217**	**7,637,217**
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-	-	-	-	-
Foreign currency translation differences on foreign operations	-	-	**(1,167,800)**	-	-	**(1,167,800)**
Balance at 31 March 2023	**(5,162,953)**	**(23,567)**	**(3,194,679)**	**1,122,862**	**14,427,189**	**7,168,852**

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

26. Non-controlling interests (continued)

	Stated capital USD	Hedging reserves USD	Translation reserves USD	Capital reserves USD	Retained earnings USD	Total USD
At 01 April 2021	(5,162,953)	(23,567)	(1,968,148)	1,122,862	15,719,876	9,688,070
Transactions with owners of the Company						
Dividend declared and paid	-	-	-	-	(7,314,020)	(7,314,020)
Capital contribution by NCI	-	-	-	-	-	-
Decrease in NCI	-	-	-	-	-	-
Acquisition of NCI	-	-	-	-	-	-
Total comprehensive income						
Profit for the year	-	-	-	-	5,881,577	5,881,577
Other comprehensive income						
Net movement in fair value through profit or loss reserves	-	-	-	-	689,667	689,667
operations	-	-	(58,731)	-	-	(58,731)
Balance at 31 March 2022	(5,162,953)	(23,567)	(2,026,879)	1,122,862	14,977,100	8,886,563

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

27. Long term loans

	2023	2022
	USD	**USD**
Other loans	-	2,125

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. Short term loans

	2023	2022
	USD	**USD**
Other bank loans	**14,925,314**	24,946,678
Trust receipt loans	**53,809,199**	53,845,925
Other payables	**-**	4,967
	68,734,513	78,797,570

Norwest Industries Limited and its subsidiaries

Contract liabilities include short-term advances received to deliver garment products. The increase in contract liabilities for both years was mainly due to the increase in short-term advances received from customers in relation to the future sales of garment at the end of the respective year.

28. **Short term loans (continued)**

Norwest Industries Limited and its subsidiaries (continued)

(iii) 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.

(iv) 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, 2023.

(v) Interest details of secured loans are as follows:

Entity name	**Nature of loan**	**March 31, 2023**	**March 31, 2022**
PDS Asia star	Discounted bills Import Loans Trust receipt loan	NIL	LIBOR +2.00% p.a
Simple Approach	Discounted bills	Nil	LIBOR +2.00% p.a
	Trust receipt loan	Bank prime rate +1.5% p.a	Bank prime rate +1.5% p.a
Zamira Fashions	Import loans Trust receipt loan	Bank prime rate +1.5% p.a	Bank prime rate +1.5% p.a
Poeticgem International	Import loans Trust receipt loan	LIBOR +2% to 2.4% p.a	LIBOR +2% to 2.4% p.a
Techno Design HK	Import loans	LIBOR +2.00% p.a	LIBOR +2.00% p.a
Green Apparel HK	Term loans	LIBOR +2.75% p.a	LIBOR +2.75% p.a
Progress Manufacturing HK	Term loans	LIBOR +2.75% p.a	LIBOR +2.75% p.a
Green Smart Shirts	Discounted bills	LIBOR +3.5% p.a	LIBOR +3.5% p.a
	Term loans	11.00% p.a	11.00% p.a
Progress Apparel Bangladesh	Discounted bills	LIBOR +3.5% p.a	LIBOR +3.5% p.a
	Term loans	11.00% p.a	11.00% p.a

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

28. **Short term loans (continued)**

Norwest Industries Limited and its subsidiaries (continued)

(v) Interest details of secured loans are as follows (continued):

Entity name	**Nature of loan**	**March 31, 2023**	**March 31, 2022**
Norwest Industries and its subsidiaries	Import and Export loans	EURIBOR^^^^^+2.15	EURIBOR^^^^^+2%
		USD SOFR*+2.15%,	USD SOFR*+2.15%,
		COF^^^+1.75%p.a	GBP SONIA**+2%
	Trust receipts loans	COF^^+2%,	COF^^+2%,
		LIBOR#+2%,	LIBOR#+3.5%,
		COF^^^+1.75%p.a	HIBOR^+2%,
		BFR^^^+1.75% p.a.,	BFR^^^+1.75% p.a.,
		SOFR***+3.5%,	EURIBOR^^^^^+2%
		USD SOFR*+2.15%,	USD SOFR*+2.15%,
			GBP SONIA**+2%
	Bank overdraft	LIBOR#+3.5%,	LIBOR#+3.5%,
		SOFR***+3.5%,	
		HIBOR^+2%,	HIBOR^+2%,
		BPLR****+1.5%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”)
^^^^^ Euro Interbank Oferred Rate (“EURIBOR”)
*HSBC Secured Overnight Financing Rate (“SOFR”)
**HSBC GBP Sterling Overnight Index Average (“SONIA”)
***UCO bank Secured Overnight Financing Rate ("SOFR")
****Benchmark Prime Lending Rate ("BLPR")

Certain of the Group’s bank loan agreements contain repayment on demand clauses and the corresponding bank loans have been classified as current liabilities in the consolidated statement of financial position. Ignoring the effect of any repayment on demand clauses and based on the maturity terms of these loans, the interest-bearing bank borrowings of the Group are repayable within one year.

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

29. Cash and cash equivalents

Cash and cash equivalents comprise of:	**2023 USD**	2022 **USD**
Cash and hands and at banks	**53,729,011**	57,851,715
Bank overdraft	**(2,849,271)**	(2,003,543)
	50,879,740	55,848,172

<u>*Norwest Industries Limited*</u>

	2023 USD	2022 **USD**
Cash and hands and at banks	**16,339,753**	11,185,017
Pledged time deposits	**20,832,553**	16,130,627
Less: Pledged time deposits for banking facilities:		
-with original maturity of less than three months when acquired	**(13,505,636)**	(2,283,931)
-with original maturity of more than three months when acquired	**(7,326,917)**	(13,846,695)
	16,339,753	11,185,018

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.

30. Trade and other payables

	2023 USD	2022 **USD**
Trade and bills payable	**101,681,629**	213,045,143
Non trade payable and accrued expenses	**31,583,460**	2,239,588
	133,265,089	215,284,731

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

31. Derivative financial instruments

Currency derivatives

One of the subsidiaries, Norwest Industries Limited and its subsidiaries utilise foreign currency contracts.

Assets	**2023 USD**	2022 **USD**
Forward currency contracts	**67,700**	365,797

Liabilities	**2023 USD**	2022 **USD**
Forward currency contracts	**83,975**	110,535

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 2023, the subsidiary Norwest Industries Limited and its subsidiaries as a group held 49 forward currency contracts (2022: 139). 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.

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 2023 and March 2024 were assessed to be highly effective and net gain of USD 270,924 (2022: a net gain of USD 68,566) was included in the hedging reserve as follows:

	2023 USD	2022 **USD**
Total fair value losses included in the hedging reserves	**(56,692)**	(165,409)
Reclassified from other comprehensive income to the statement of profit or loss	**(214,232)**	233,975
Net gain on cash flow hedges	**(270,924)**	68,566

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.

32. **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.

	2023	2022
	USD	**USD**
Transactions during the year:		
Amount repaid to other related parties	**336,345**	(2,463,348)
Amount received from other related parties	**(275,199)**	(39,461)
Amount received from/(advanced to) Sourcing Solution Limited	**2,515**	(1,342,302)
Amount advance to Yellow Octopus EU	**(1,054,287)**	-
Amount paid to JSM Trading Limited	**-**	(875,000)
Amount (paid to)/received from Grupo Extremo SUR S.A	**-**	(219,550)
Amount received from Frou Holdings Limited	**-**	393,405
Corporate fees accrued to PDS Multinational Fashions Limited	**11,801,628**	5,784,175
Corporate fees paid to PDS Multinational Fashions Limited	**(9,100,808)**	(5,599,891)
Dividend paid to PDS Multinational Fashions Limited	**(8,000,000)**	(7,500,000)
Amount (advanced to) / received from PDS Multinational Fashions Limited	**2,446,975**	(171,049)
Amount received from JJ Star Industrial	**-**	472,432
Amount impaired / accrued for GWD Enterprises Limited	**-**	(932,204)
Amount accrued on loan to Digital Internet Technologies	**287,749**	8,434
Amount advanced to Technocian Fashions Ltd	**206,976**	(183,707)
Balances outstanding at 31 March:		
Amount payable to other related parties	**(2,278,542)**	(1,942,197)
Amount receivable from other related parties	**314,660**	39,461
Amount receivable from Sourcing Solution Limited	**1,353,025**	1,355,540
Amount receivable from Yellow Octopus EU	**1,054,287**	-
Amount receivable from PDS LTD	**6,842,313**	1,694,518
Amount receivable from Digital Internet Technologies Limited	**56,908**	344,657
Amount receivables from Technocian Fashions Ltd	**-**	206,976

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

33. **Commitments and contingencies**

At 31 March 2023, 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:

b) **Contingent liabilities**

	2023	2022
	USD	**USD**
i) In case of the Company claims against Company not acknowledge as debt		
On account of stamp duty and demerger	**180,359**	195,920
Tenancy Case*	-	19,830
	180,359	215,750

- Pending resolution of the respective proceedings, it is difficult to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgement/decisions pending with various forums/authorities. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position. The Group does not expect any reimbursements in respect of the above contingent liabilities.

*The company has filed a Petition in the High Court of Delhi under section 9 of Arbitration and Conciliation Act for securing the our interest/rightful entitlement of due rent and CAM Charges payable by the tenant. The case is under settlement process and hence the security deposit received from the tenant is considered as contingent liability. The contempt petition is disposed off on May 9, 2023 and order passed on May 9, 2023.

ii) The Hon'ble Supreme Court of India has passed a judgement relating to definition of wages under the Provident Fund Act, 1952 on February 28, 2019. However, considering that there are numerous interpretative issues related to the judgement and in the absence of reliable measurement of the provision for the earlier period, the Group has made provision for provident fund contribution from the date of order. The Group will evaluate its position and update provision, if required, after receiving further clarity in this regard.

iii) In case of Norwest Industries Limited, Guarantee given to banks in connection with facilities granted to subsidiaries and fellow subsidiaries USD 85,765,647 (March 31, 2022: USD 70,459,984). At 31 March 2022, the banking facilities guaranteed by Norwest Industries Limited to its fellow subsidiaries were utilised to the extent of approximately USD 66,538,895 (March 31, 2022 : USD 68,370,137).

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

(iv) In case of Poeticgem Limited, HSBC Bank PLC, has provided a guarantee to H M Revenue and Customs amounting to USD 662,522 (March 31, 2022 : USD 706,754).

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

33. **Commitments and contingencies (continued)**

b) **Contingent liabilities (continued)**

(v) Poeticgem Limited had available USD 3,084,754 (March 31, 2022: USD 3,290,709) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

(vi) In case of Progress Apparel Bangladesh Limited, unconditional bank guarantee issued of USD 7,545 (March 31, 2022 : USD 3,463) to Green Della Insurance Company Limited towards guarantee of 30 days credit period.

(vii) FX Import Company Limited has extended an unlimited multilateral guarantee to its Parent Company and fellow subsidiaries, Poeticgem Limited and Pacific Logistics Limited. The bank has a fixed charge over the assets of FX Import Company Limited which is supported by a debenture.

(viii) Contingent liabilities related to irrevocable letters of credit as at March 31, 2023 of Group companies is USD 250,446 (March 31, 2022: USD 27,447,985,)

34. **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 2021	17,081,781
Addition during the year	8,502,594
Disposal during the year	(911,059)
Other adjustments	1,066,109
Exchange realignment	(404,368)
At 31 March 2022	25,335,057

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

34. **Leases (continued)**

(a) Right of use assets (continued)

	USD
Cost	
At 01 April 2022	**25,335,057**
Addition during the year	**4,594,218**
Disposal during the year	**(345,457)**
Other adjustments	**366,769**
Exchange realignment	**(3,176,906)**
At 31 March 2023	**26,773,681**
Depreciation	
At 01 April 2021	7,897,216
Charge for the year	3,449,270
Disposal	(204,010)
Adjustment during the year	13,904
Exchange realignment	(344,458)
At 31 March 2022	10,811,922
At 01 April 2022	**10,811,922**
Charge for the year	**4,297,518**
Disposal	**-**
Adjustment during the year	**79,676**
Exchange realignment	**(1,485,226)**
At 31 March 2023	**13,703,890**
At 31 March 2023	**13,069,791**
At 31 March 2022	14,523,135

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

34. **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 2021	9,310,805
New leases	9,696,883
Accretion of interest recognized during the year	358,915
Covid concession	(3,132)
Payments	(3,747,065)
Derecognition upon exercise of termination options	(744,474)
Exchange realignment	(235,752)
Carrying amount as at 31 March 2022	14,636,180
Carrying amount as at 01 April 2022	**14,636,180**
New leases	**4,989,702**
Accretion of interest recognized during the year	**516,931**
Covid concession	**(86,848)**
Payments	**(4,432,726)**
Derecognition upon exercise of termination options	**(438,832)**
Exchange realignment	**(1,721,408)**
Carrying amount as at 31 March 2023	**13,462,999**

	2023 USD	2022 USD
Analysed into:		
Current portion	**4,682,163**	3,259,335
Non-current portion	**8,780,836**	11,376,845
	13,462,999	14,636,180

	2023 USD	2022 USD
Lease payments		
Not later than one year	**3,893,021**	3,946,732
Later than one year	**10,285,101**	10,256,947
Later than five years	**1,895,521**	1,895,521
	16,073,643	16,099,200

Notes to and forming part of the consolidated financial statements
for the year ended 31 March 2023

35. **Personnel expenses**

	2023	2022
	USD	USD
Wages, salaries and benefits	**79,211,809**	70,925,367

36. **Holding company**

The ultimate holding company is PDS Ltd (previously known as 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

37 **Impact of COVID-19 and Ukrainian – Russian War**

Impact of COVID -19

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

38 **Events after reporting period**

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the group financial statements.

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries

for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below:

	Norwest Industries Limited	PDS Sourcing Limited	PDS Asia Star	Poeticgem Limited	Techno Design GmbH	Zamira Fashions Limited	FX Import Company Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	461,572,465	-	55,161,764	9,313,411	53,405,981	40,368,244	-
Cost of sales	401,803,075	-	50,389,587	5,171,008	44,536,013	36,030,785	-
Gross profit	59,769,390	-	4,772,177	4,142,404	8,869,968	4,337,459	-
Operating income	13,503,564	8,835,576	1,567,181	12,960,448	1,738,590	538,067	-
Other income	3,236,368	5,986,678	25,520	4,605,381	397,118	33,311	-
Marketing, selling and distribution expenses	(18,322,735)	-	(251,919)	(1,900,568)	(2,737,675)	(832,233)	-
Manufacturing and other expenses	-	-	-	-	- 1,900	-	-
Loss from joint venture	(193,940)	-	-	-	-	-	-
General and administrative expenses	(40,182,200)	(8,295,118)	(4,446,279)	(13,748,334)	(6,971,250)	(3,902,966)	(7,601)
Depreciation and amortisation	(3,065,276)	(25,485)	(171,706)	(511,341)	(68,719)	(144,389)	-
Results from operating activities	14,745,171	6,501,651	1,494,973	5,547,990	1,226,131	29,249	(7,601)
Net financing (costs) / income	(2,058,897)	50,863	(431,702)	(362,604)	(950,540)	104,632	(5)
Profit /(loss) before income tax	12,686,274	6,552,514	1,063,271	5,185,385	275,591	133,881	(7,606)
Income tax expense	(503,374)	-	-	(700,409)	(62,630)	(25,260)	-
Total profit/(loss) for the year	12,182,900	6,552,514	1,063,271	4,484,976	212,961	108,621	(7,606)

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	Casa Forma Ltd	**Simple Approach Limited**	**Poetic Knitwear Limited**	**Techno BD Limited**	**Pro Trusted**	**Nor Delhi Manufacturing Limited**	**Poeticgem International Limited**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Revenue	-	163,888,202	-	-	-	- 13,505	114,972,790
Cost of sales	2,327	148,968,520	-	-	-	-	100,997,402
Gross profit	(2,327)	14,919,682	-	-	-	(13,505)	13,975,387
Operating income	80,115	2,023,317	-	661,294	-	-	3,883,000
Other income	-	2,443	-	707	-	-	110,876
Marketing, selling and distribution expenses	(759)	(965,804)	-	(2,203)	(457)	41,588	(8,654,716)
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(72,833)	(11,233,286)	(2,449)	(640,964)	(10,624)	(42,435)	(4,564,181)
Depreciation and amortisation	-	(371,581)	-	(54,738)	(43)	(641)	(923,917)
Results from operating activities	4,197	4,374,772	(2,449)	(35,904)	(11,124)	(14,993)	3,826,450
Net financing (costs) / income	-	(587,455)	-	94,678	(2,456)	(5,511)	(2,441,919)
Profit /(loss) before income tax	4,197	3,787,317	(2,449)	58,774	(13,580)	(20,505)	1,384,531
Income tax expense	-	(624,643)	-	(87,037)	-	-	-
Total profit/(loss) for the year	4,197	3,162,674	(2,449)	(28,263)	(13,580)	(20,505)	1,384,531

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	PDS Ventures Limited	**Grupo Sourcing Limited**	**Pacific Logistics Limited**	**PG Group Limited**	**Green apparel Industries Ltd**	**Poetic Brands Limited**	**Progress Manufacturing Group Limited**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**	**USD**
Revenue	-	2,679,300	-	29,768,372	36,947,263	22,450,465	51,829,972
Cost of sales	-	2,504,884	-	25,143,150	23,950,689	15,966,082	33,393,170
Gross profit		174,416	-	4,625,222	12,996,574	6,484,383	18,436,802
Operating income	-	523,881	-	-	-	36,830	-
Other income	284,698	-	-	280,630	0	-	-
Marketing, selling and distribution expenses -	2,070	(163,294)	-	(932,761)	(833,116)	(363,486)	(845,506)
Manufacturing and other expenses	-	(8,592)	-	-	(366,779)	-	(311,461)
Loss from joint venture	(63,431)	-	-	-	-	-	-
General and administrative expenses	(564,714)	(628,254)	- 7,238	(2,427,070)	(9,399,977)	(5,627,024)	(10,872,133)
Depreciation and amortisation	-	(15,155)	-	-	(898,964)	(11,960)	(1,761,958)
Results from operating activities	(345,517)	(116,998)	(7,238)	1,546,021	1,497,738	518,743	4,645,744
Net financing (costs) / income	(84,254)	22,515	-	(50,310)	(297,593)	(122,301)	(2,966,161)
Profit /(loss) before income tax	(429,771)	(94,483)	(7,238)	1,495,711	1,200,145	396,443	1,679,583
Income tax expense	-	(31,613)	-	(2,851)	(377,141)	(89,222)	-
Total profit/(loss) for the year	(429,771)	(126,097)	(7,238)	1,492,860	823,004	307,221	1,679,583

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	Multinational OSG Bangladesh	Techno Design HK	Design Arc UK	Spring Design	Blueprint design	Techno US	Recovered Clothing
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	49,959,298	3,542	-	-	-	5,129,499
Cost of sales	-	43,749,454	-	-	-	-	3,161,150
Gross profit	-	6,209,844	3,542	-	-	-	1,968,349
Operating income	-	1,340,859	5,683,123	-	-	-	-
Other income	27,908	412,001	-	-	-	-	-
Marketing, selling and distribution expenses -	25	(1,019,004)	(150,151)	-	-	-	(988,393)
Loss from joint venture	-	-	-	-	-	-	-
General and administrative expenses	(25,676)	(2,033,620)	(5,032,082)	(8,657)	(2,152)	(5,250)	(664,853)
Depreciation and amortisation	(121,057)	(30,297)	(212,266)	(3,733)	-	-	(10,530)
Results from operating activities	(118,850)	4,879,784	292,167	(12,390)	(2,152)	(5,250)	304,572
Net financing (costs) / income	-	(1,654,473)	(122,616)	1	14	-	(125,301)
Profit /(loss) before income tax	(118,850)	3,225,311	169,551	(12,389)	(2,138)	(5,250)	179,271
Income tax expense	4,350	-	(20,543)	-	-	-	(8,467)
Total profit/(loss) for the year	(114,500)	3,225,311	149,008	(12,389)	(2,138)	(5,250)	170,804

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2023 are as shown below (continued)

	PDS Fashion Limited	Spring Near East UAE	PDS Fashion Hong Kong	PDS Manufacturing Limited	PDS Multi FZCO
	USD	USD	USD	USD	USD
Revenue	-	2,782,390	-	-	174,961,083
Cost of sales	-	2,217,850	-	-	154,211,859
Gross profit	-	564,540	-	-	20,749,224
Operating income	-	2,448,715	-	-	3,569,828
Other income	375,752	-	-	-	886,466
Marketing, selling and distribution expenses	(9,425)	4,522	-	-	(6,375,902)
Loss from joint venture	-	-	-	-	297,093
General and administrative expenses	(71,854)	(2,842,410)	(66,042)	(22,135)	(8,227,075)
Depreciation and amortisation	(305,763)	(34,803)	-	-	(217,081)
Results from operating activities	(11,290)	140,564	(66,042)	(22,135)	10,682,554
Net financing (costs) / income	(56,032)	(211,422)	(3,050)	-	(250,846)
Profit /(loss) before income tax	(67,322)	(70,858)	(69,091)	(22,135)	10,431,708
Income tax expense	-	-	-	-	(26,034)
Total profit/(loss) for the year	(67,322)	(70,858)	(69,091)	(22,135)	10,405,674

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries

for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below:

	Norwest Industries Limited	PDS Sourcing Limited	PDS Asia Star	Poeticgem Limited	Techno Design GmbH	Zamira Fashions Limited	FX Import Company Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	318,214,829	-	79,187,464	3,416,908	21,135,004	32,287,638	37,225
Cost of sales	276,814,553	-	72,102,840	2,723,122	19,067,809	28,515,273	35,570
Gross profit	41,400,276	-	7,084,624	693,786	2,067,195	3,772,365	1,655
Operating income	14,560,282	6,005,556	905,050	9,852,537	894,544	636,952	54,923
Other income	3,292,240	-	-	210,872	125,354	3,918	3,221
Marketing, selling and distribution expenses	(11,767,113)	-	(39,724)	(758,331)	(141,487)	(353,289)	(71,032)
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)	(209,034)
Depreciation and amortisation	(2,650,350)	-	(176,799)	(729,795)	(145,342)	(235,304)	(22,730)
Results from operating activities	20,389,507	(54,461)	2,515,111	1,393,522	617,821	928,583	(242,997)
Net financing (costs) / income	(799,121)	87,300	(175,169)	(1,010,715)	24,240	91,496	(1,108)
Profit /(loss) before income tax	19,590,386	32,839	2,339,942	382,807	642,061	1,020,079	(244,105)
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	(244,105)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	Casa Forma Ltd	Simple Approach Limited	Poetic Knitwear Limited	Techno BD Limited	FX Import Hong Kong Limited	Nor Delhi Manufacturing Limited	Poeticgem International Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	87,557,595	-	-	-	4,218,003	94,455,657
Cost of sales	-	76,363,628	-	-	-	1,949,135	80,317,683
Gross profit	-	11,193,967	-	-	-	2,268,868	14,137,974
Operating income	71,817	2,555,946	-	786,056	-	335,513	3,313,154
Other income	-	570,525	-	297	-	-	90,933
Marketing, selling and distribution expenses	(2,667)	(4,221,828)	-	(2,019)	1	-	(9,347,475)
Loss from joint venture	-	-	-	-	(134)	(658,249)	-
General and administrative expenses	(72,845)	(6,618,932)	(2,696)	(697,592)	-	-	(3,346,014)
Depreciation and amortisation	(255)	(336,536)		(21,932)	(38,621)	(345,189)	(454,014)
Results from operating activities	(3,950)	3,143,142	(2,696)	64,810	(38,754)	1,600,943	4,394,558
Net financing (costs) / income		(154,184)	-	(11,605)	(10,708)	(64,276)	(444,079)
Profit /(loss) before income tax	(3,950)	2,988,958	(2,696)	53,205	(49,462)	1,536,667	3,950,479
Income tax expense		(637,605)	-	(75,621)			
Total profit/(loss) for the year	(3,950)	2,351,353	(2,696)	(22,416)	(49,462)	1,536,667	3,950,479

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	MultiTech Ventures Limited	Grupo Sourcing Limited	Pacific Logistics Limited	PG Group Limited	Green apparel Industries Ltd	Poetic Brands Limited	Progress Manufacturing Group Limited
	USD	USD	USD	USD	USD	USD	USD
Revenue	-	5,556,049	-	17,245,855	15,690,772	20,217,337	22,691,777
Cost of sales	-	5,000,659	-	13,958,988	10,178,072	13,358,139	19,422,761
Gross profit	-	555,390	-	3,286,867	5,512,700	6,859,198	3,269,016
Operating income	-	362,795	-	1,269,132	892	16,794	224,247
Other income	-	30,061	-	25,168	-		47,369
Marketing, selling and distribution expenses	-	(25,994)	-	(759,101)	(686,784)	(201,959)	(1,614,023)
Loss from joint venture	-	-	-	-	-		
General and administrative expenses	(539,070)	(582,209)	(6,643)	(2,122,085)	(5,590,970)	(5,506,223)	(10,373,441)
Depreciation and amortisation		(18,121)		(97,878)	(855,484)	-	(2,109,742)
Results from operating activities	(539,070)	321,922	(6,643)	1,602,103	(1,619,646)	1,167,810	(10,556,574)
Net financing (costs) / income		(4,699)		(22,765)	(1,123,086)	(42,976)	(634,342)
Profit /(loss) before income tax	(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	(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 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 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	Recovered Clothing USD
Revenue	-	48,082,504	338,844	-	(77,787)	-	499,467
Cost of sales	-	42,389,062	186,380	-	88,998	-	405,814
Gross profit	-	5,693,442	152,464	-	(166,785)	-	93,653
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)	-	(149,995)
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)	-	(60,208)
							-
Results from operating activities	(195,230)	3,984,698	87,575	(927)	(80,332)	(96,705)	(116,550)
Net financing (costs) / income		(428,284)	(29,332)	-	5,209		(4,277)
Profit /(loss) before income tax	(195,230)	3,556,414	58,243	(927)	(75,123)	(96,705)	(120,827)
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)	(120,827)

Multinational Textile Group Limited and its subsidiaries

Performance of Subsidiaries (continued)
for the year ended 31 March 2023

The performances of the subsidiaries and sub-subsidiaries for the year ended 31 March 2022 are as shown below (continued)

	Kleider Sourcing UAE	**PDS Ventures**	**Spring Near East UAE**	**Twin Asia UAE**	**Design Arc UAE**	**Razamtazz**
	USD	**USD**	**USD**	**USD**	**USD**	**USD**
Revenue	34,774,125	-	21,879,327	4,901,069	2,431	307,413
Cost of sales	31,226,128	-	19,833,197	4,068,431	2,135	-
Gross profit	3,547,997	-	2,046,130	832,638	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	(912,754)	-	(1,937)	(1,187)	-	-
Loss from joint venture	-	-	-	-	-	-
General and administrative expenses	(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	2,692,714	(93,764)	2,190,324	651,851	(45,257)	(30,489)
Net financing (costs) / income	(12,980)	(20,234)	(63,670)	(1,737)	(2,500)	56,265
Profit /(loss) before income tax	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776
Income tax expense						
Total profit/(loss) for the year	2,679,734	(113,998)	2,126,654	650,114	(47,757)	25,776

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

	Appendices	**2023 USD**	2022 **USD**
Revenue	1	**1,239,262,048**	1,155,079,795
Cost of sales	2	**1,056,693,921**	984,944,265
Gross Profit		**182,568,127**	170,135,530
Operating income	3	**27,912,937**	19,503,356
Other income		**10,193,895**	9,960,394
Marketing, selling and distribution expense	4	**(18,440,507)**	(22,694,337)
Manufacturing and other expenses		**(688,733)**	(602,073)
Share of profit/(loss) of a joint venture		**39,721**	(77,655)
General and administrative expenses	5	**(140,825,806)**	(126,415,990)
Depreciation and amortisation		**(9,052,147)**	(8,701,777)
Results from operating activities		**51,707,487**	41,107,448
Finance income		**514,915**	1,280,624
Finance costs		**(10,998,731)**	(3,715,590)
Net finance costs		**(10,483,816)**	(2,434,966)
Profit before taxation		**41,223,671**	38,672,482

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 1

Revenue

	2023 USD	2022 **USD**
Sales	**1,239,262,048**	1,155,079,795

Appendix 2

Cost of sales	**2023 USD**	2022 **USD**
Opening stock	**28,076,733**	25,156,681
Purchases	**900,141,814**	842,816,547
Production costs/sub-contracting expenses	**37,777,122**	36,604,786
Other cost of sales	**122,463,023**	107,793,946
Closing stock	**(32,453,884)**	(28,076,733)
Testing charges	**10,262**	10,862
Freight charges	**678,851**	638,176
	1,056,693,921	984,944,265

Appendix 3

Operating income	**2023 USD**	2022 **USD**
Marketing fee income	**5,606,581**	1,614,508
Commission income	**8,598,855**	8,176,673
Claim recoveries	**8,867,565**	7,443,714
Consultancy income	**77,228**	-
Management income	**706,555**	-
Sales and marketing commission	**1,746,364**	-
Other operating income	**2,309,789**	2,268,461
Total other operating income	**27,912,937**	19,503,356

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 4

Marketing, selling and distribution expenses	**2023**	2022
	USD	**USD**
Agents' commission	**5,948,760**	2,976,304
Freight cost	**4,032,530**	8,888,940
Transportation costs	**2,181,941**	2,099,034
Designing expenses	**2,027,044**	790,238
Sample expenses	**893,856**	3,251,033
Entertainment expenses	**763,934**	403,485
Marketing fees	**738,419**	1,183,691
Inspection charges	**525,543**	1,317,601
Testing and service charges	**354,847**	433,100
Advertising cost	**324,449**	612,155
Storage charges	**308,025**	179,897
Bad debts	**151,328**	305,775
Hire of Plant and Machinery	**81,855**	192,150
Custom clearing charges	**76,522**	39,503
Handling charges	**23,942**	21,056
Warehouse expenditure	**4,309**	-
Processing Charges	**3,203**	375
	18,440,507	22,694,337

Multinational Textile Group Limited and its subsidiaries

Consolidated statement of profit or loss
for the year ended 31 March 2023

Appendix 5

General and administrative expenses and manufacturing and other expenses

	2023 USD	2022 USD
Wages and salaries	**79,211,810**	70,925,367
Consulting fees	**23,354,716**	20,650,358
Travelling expenses	**4,580,855**	1,912,722
Rent and rates	**518,429**	886,033
Bank charges	**2,216,876**	1,799,858
Courier charges	**3,680,052**	3,021,534
Telephone, printing and stationery	**1,430,953**	1,347,293
Legal and professional fees	**1,508,363**	1,243,702
Director's expense	**966,570**	1,106,470
Management fees	**249,973**	257,801
Vehicle expenses	**1,482,602**	1,293,666
Insurance expenses	**1,633,272**	1,742,431
Staff welfare and medical insurance	**587,249**	512,583
Quality control	**27,981**	(40,212)
Audit and accounting fees	**793,747**	702,703
Water and electricity	**950,914**	1,046,314
Taxes and duties	**853,392**	645,533
Repairs and maintenance	**1,188,390**	970,321
Office expenses and supplies	**3,099,565**	2,877,036
Motor vehicle leasing	**144,216**	81,686
Licence fees	**4,483,514**	5,452,821
Membership & Subscription Fees	**301,650**	254,923
Security	**162,841**	154,740
Impairment Loss	**(398,537)**	1,324,861
Employee share based payments	**1,926,270**	1,384,848
Recharge expense	**4,596,375**	2,183,619
Other expenses which are not classified under above line	**1,273,768**	2,676,979
	140,825,806	126,415,990

Multinational Textile Group Limited

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Multinational Textile Group Limited

Financial statements
for the year ended 31 March 2023

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Multinational Textile Group Limited

Corporate data

		Date of appointment	Date of resignation
Directors:	Deepak Kumar Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Ashish Gupta	03 August 2021	10 April 2023
	Parikh Nishant Ravindra	08 December 2021	-
	Sharmil Shah	01 March 2018	-
	Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
	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
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

Bankers:
HSBC Bank (Mauritius) Limited
Icon Ebène, Level 5,
Office 1 (West Wing),
Rue de l'Institut
Ebène
Republic of Mauritius

AfrAsia Bank Limited
4th Floor, NeXTeracom
Tower III, Ebène
Republic of Mauritius

UBS AG
5 Broadgate
London EC2M 2AN

Multinational Textile Group Limited

Directors' report

The directors are pleased to present their report together with the audited financial statements of Multinational Textile Group Limited (the "Company") for the year ended 31 March 2023.

Principal activity

The principal activity of the Company is the holding of investments and provision of consultancy services.

Results and dividend

The results for the year are shown on page 7.

The Company has paid a dividend USD 8,000,000 for the year under review (2022: USD 7,500,000).

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 profit or loss 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 in the year ahead.

Auditors

The 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: 09 MAY 2023

Rogers Capital

Multinational Textile Group Limited

Secretary's certificate
for the year ended 31 March 2023

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:....09 MAY 2023....

Lancasters
Chartered Accountants

Auditor's report to member of Multinational Textile Group Limited

Opinion

We have audited the financial statements of Multinational Textile Group Limited (the "Company") set out on pages 7 to 45 which comprise the statement of financial position as at 31 March 2023, 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 2023, 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.

DGGi
INDEPENDENT MEMBER

Auditor's report to member of Multinational Textile 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.

Auditor's report to member of Multinational Textile 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: 09.05.2023

Multinational Textile Group Limited

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2023

	Note	2023 USD	2022 USD
Revenue	7	**17,244,550**	35,569,173
Expenses		**(8,892,453)**	(5,914,086)
Profit from operating activities		**8,352,097**	29,655,087
Finance income		**31,077**	45,757
Finance costs		**(14,410)**	(51,144)
Net finance income / (costs)	8	**16,667**	(5,387)
Reversal of impairment / (impairment) of investments and loans		**437,999**	(1,976,316)
(Loss) / gain on revaluation of financial assets at fair value through profit or loss		**(7,590)**	9,608
Creditors waived off		**2,338**	13,600
Provision write back		**-**	775,000
Loss on disposal of financial assets at fair value through profit or loss		**-**	(750)
		432,747	(1,178,858)
Profit before taxation		**8,801,511**	28,470,842
Income tax expense	9	**(44,280)**	(918,086)
Profit for the year		**8,757,231**	27,552,756
Other comprehensive income		**-**	(174,726)
Total comprehensive income for the year		**8,757,231**	27,378,030

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of financial position
At 31 March 2023

	Note	2023 USD	2022 USD
Assets			
Investments in subsidiaries	10	**80,573,386**	44,901,609
Investments in associate	11	-	-
Financial assets at fair value through other comprehensive income	12	**337,782**	374,480
Financial assets at fair value through profit or loss	13	**141,652**	149,242
Intangible assets	14	**287,445**	287,168
Deposit on shares	15	**17,388,096**	17,250,000
Total non-current assets		**98,728,361**	62,962,499
Current assets			
Other receivables	16	**6,627,158**	3,961,534
Cash and cash equivalents		**418,100**	916,158
Total current assets		**7,045,258**	4,877,692
Total assets		**105,773,619**	67,840,191
Equity and liabilities			
Equity			
Stated capital	17	**21,948,270**	21,948,270
Revenue reserves		**31,339,693**	30,582,462
Revaluation reserves		**16,780**	53,478
Total equity		**53,304,743**	52,584,210
Liabilities			
Non-current liabilities			
Other payables	18	**30,000,000**	-
Current liabilities			
Other payables	18	**22,245,554**	14,433,016
Tax payable	9	**223,322**	822,965
Total current liabilities		**22,468,876**	15,255,981
Total equity and liabilities		**105,773,619**	67,840,191

The financial statements were approved by the Board of Directors on .... 09 MAY 2023 .... and signed on its behalf by

.... Director

.... Director

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of changes in equity
for the year ended 31 March 2023

	Stated Capital USD	Revenue reserves USD	Revaluation Reserves USD	Total Equity USD
Balance at 01 April 2021	21,948,270	10,529,706	228,204	32,706,180
Profit for the year	-	27,552,756	-	27,552,756
Dividend paid	-	(7,500,000)	-	(7,500,000)
Revaluation of equity investments	-	-	(174,726)	(174,726)
Balance at 31 March 2022	21,948,270	30,582,462	53,478	52,584,210
Total comprehensive income for the year				
Profit for the year	-	8,757,231	-	8,757,231
Dividend paid	-	(8,000,000)	-	(8,000,000)
Revaluation of equity investments	-	-	(36,698)	(36,698)
Balance at 31 March 2023	**21,948,270**	**31,339,693**	**16,780**	**53,304,743**

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of cash flows
for the year ended 31 March 2023

	2023	2022
	USD	USD
Cash flows from operating activities		
Profit before taxation	**8,801,511**	28,470,842
Adjustments for:		
Dividend income	**(11,251,580)**	(30,748,441)
Reversal of impairment / (impairment)	**(437,999)**	1,976,316
Interest income	**(28,160)**	(44,939)
Unrealised loss on foreign exchange	**11,493**	50,326
(Gain) / loss on revaluation of financial assets at fair value through profit or loss	**7,590**	(9,608)
Payable waived off	**(2,338)**	(13,600)
Provision write back	**-**	(775,000)
Loss on disposal of financial assets at fair value through profit or loss	**-**	750
	(2,899,483)	(1,093,354)
Change in other receivables	**(7,309,895)**	5,752,027
Change in other payables	**37,814,876**	(7,114,453)
Movement in deposit on shares	**(438,096)**	-
Cash from / (used in) operating activities	**27,167,402**	(2,455,780)
Tax paid	**(643,923)**	(275,375)
Net cash from / (used in) operating activities	**26,523,479**	(2,731,155)
Cash flows from investing activities		
Dividend received	**11,251,580**	27,690,312
Repayment of advance by subsidiaries	**-**	940,000
Advance received from subsidiaries	**-**	12,000,000
Interest received	**28,160**	544,980
Advance given to subsidiaries	**2,061,000**	(988,804)
Repayment of advance to subsidiaries	**-**	(823,000)
Acquisition of investments	**(15,850,000)**	(11,372,207)
Acquisition of intangibles assets	**(277)**	(287,168)
Proceed from disposal of investments	**-**	502,000
Deposit on shares	**(16,950,000)**	(17,250,000)
Net cash (used in) / from investing activities	**(19,459,537)**	10,956,113

The notes on pages 12 to 45 form part of these financial statements.

Multinational Textile Group Limited

Statement of cash flows (continued)
for the year ended 31 March 2023

	2023 USD	2022 USD
Cash flows from financing activities		
Repayment of advance by related parties	**438,000**	1,766,398
Repayment of loan to related parties	-	(2,480,000)
Dividend paid	**(8,000,000)**	(7,500,000)
Net cash used in financing activities	**(7,562,000)**	(8,213,602)
Net movement in cash and cash equivalents	**(498,058)**	11,356
Cash and cash equivalents at 01 April	**916,158**	904,802
Cash and cash equivalents at 31 March	**418,100**	916,158

The notes on pages 12 to 45 form part of these financial statements.

1. **General information**

The Company was incorporated as a private limited company on 28 March 2006 and was granted a Global Business Licence on 29 March 2006. The principal activity of the Company is the holding of investments and provision of consultancy services. 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, Mauritius.

The Company is a holder of a Global Business License under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar (USD) as its reporting currency.

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 the Mauritius Companies Act. The Company is a sub subsidiary of PDS 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 as its ultimate holding company is preparing consolidated financial statements as per IFRS as issued by the IASB. The registered PDS Limited where the consolidated financial statements are available is Unit No. 971, Solitaire Corporate Park Andheri Ghatkopar Link Road, Andheri East, Mumbai 400093, Maharashtra, India.

(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 United States Dollar (USD) which is the Company's functional and presentational 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.

Assumption and estimation uncertainties

Information about assumptions, estimation uncertainties and critical judgements in applying accounting policies that have the most significant risk of resulting in a material adjustment in these financial statements are included in the relevant notes as follows:

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Assumption and estimation uncertainties (continued)

- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of loan; and
- 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)**

(a) New standards, interpretations and amendments issued during the year

There has been amendments and interpretations that have become effective for the current year.

The Company has adopted the following new interpretation during the year:

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.

The above new, amended standard and interpretation effective for the financial year do not have any impact on the Company.

(b) New standards, interpretations and amendments issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

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 amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

(b) New standards, interpretations and amendments issued but not yet effective (continued)

Definition of accounting estimates (Amendments to IAS 8)

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.
- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

3. **Application of new and revised International Financial Reporting Standards (IFRSs) (continued)**

(b) New standards, interpretations and amendments issued but not yet effective (continued)

Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (continued)

- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 July 2023 but may be applied earlier.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

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. 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 to the functional currency of the Company at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income as "net foreign exchange gains/losses", except for those arising on financial instruments at fair value through profit or loss which are recognised as a component of net gains/losses from financial instruments at fair value through profit or loss.

(b) Revenue recognition

Revenue is recognised as follows:

- Dividend income: when the Company's right to receive dividend is established.
- Interest income: as it accrues (taking into account the effective yield on the assets).
- Other income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis consisting of Management fees, professional fees income, corporate service fees income, Sap fees income, commission income and consultancy fees income.

(c) Finance income and costs

Finance income comprises of interest income and gains on foreign exchange. Interest income is recognised as it accrues in statement of profit or loss and other comprehensive income, using the effective interest method.

Finance costs comprise losses on foreign exchange and interest expense.

Foreign currency gains and losses are reported on a net basis.

(d) Income tax

Income tax expense comprises of 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 other comprehensive income (OCI).

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable 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.

5. **Significant accounting policies (continued)**

   (d) Income tax (continued)

   Current tax (continued)

   Current tax assets and liabilities are offset only if certain criteria are met.

   Deferred tax

   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 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.

   (e) Investments in 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 subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

   Investment in subsidiary is 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.

5. **Significant accounting policies (continued)**

(f) *Investments in associate*

Investments in associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investment in associate have been accounted at cost less impairment.

(g) *Financial instruments*

(i) 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"), transaction costs that are directly attributable to its acquisition or issue.

(ii) 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") – debt investment; FVOCI – equity investment; 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.

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.

5. **Significant accounting policies (continued)**

(g) *Financial instruments (continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

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.

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, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising 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 those 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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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)**

(g) *Financial instruments (continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets (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)**

(g) *Financial instruments (continued)*

(ii) Classification and subsequent measurement (continued)

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.

(iii) Derecognition

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.

5. **Significant accounting policies (continued)**

(g) Financial instruments (continued)

(iii) Derecognition

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.

(h) 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.

(i) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Company recognises loss allowances for expected credit losses ("ECLs") on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company also recognises loss allowances for ECLs on trade and other receivables and cash and cash equivalents.

5. **Significant accounting policies (continued)**

(i) *Impairment (continued)*

(ii) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and 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.

Loss allowances for trade and other receivables and cash and cash equivalents are always measured at an amount equal to 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 and analysis, based on the Company's historical experience and informed credit assessment, that includes 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 debtor 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.

5. **Significant accounting policies (continued)**

(i) Impairment (continued)

(ii) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

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.

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.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

5. **Significant accounting policies (continued)**

(i) Impairment (continued)

(ii) Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial 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.

5. **Significant accounting policies (continued)**

(i) *Impairment (continued)*

(iii) Non-financial assets (continued)

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.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) *Expenses*

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

(k) *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.

(l) *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 is subject to common control of common significant influence.

(m) *Intangible assets*

Intangible assets, including patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets that have indefinite life are reviewed at each reporting period to assess whether there are indication of impairment and to determine whether events and circumstances continue to support the indefinite useful life of that asset.

Notes to and forming part of the financial statements
for the year ended 31 March 2023

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 2023	Amortised cost USD	Financial assets at fair value USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets measured at fair value							
Financial assets at fair value through other comprehensive income	-	337,782	337,782	-	-	337,782	337,782
Financial assets at fair value through profit or loss	-	141,652	141,652	141,652	-	-	141,652
	-	479,434	479,434	141,652	-	337,782	479,434
Financial assets not measured at fair value							
Other receivables	6,626,363	-	6,626,363	-	-	-	-
Cash and cash equivalents	418,100	-	418,100	-	-	-	-
	7,044,463	-	7,044,463	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	52,245,554	-	52,245,554	-	-	-	-

6. Financial instruments – Fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

31 March 2022	Amortised cost USD	Financial assets at fair value USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets measured at fair value							
Financial assets at fair value through other comprehensive income	-	374,480	374,480	-	-	374,480	374,480
Financial assets at fair value through profit or loss	-	149,242	149,242	149,242	-	-	149,242
	-	523,722	523,722	149,242	-	374,480	523,722
Financial assets not measured at fair value							
Other receivables	3,960,743	-	3,960,743	-	-	-	-
Cash and cash equivalents	916,158	-	916,158	-	-	-	-
	4,876,901	-	4,876,901	-	-	-	-
Financial liabilities not measured at fair value							
Other payables	(14,433,016)	-	(14,433,016)	-	-	-	-

6. **Financial instruments – Fair values and risk management (continued)**

(b) *Measurement of fair values*

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

Company	Valuation technique	Significant unobservable inputs
Exchange Juhu Limited	Discounted Cash Flow Method	Present and prospective competition; Changes in yield curve; Market sentiment
Flying Jamon Limited	Net Asset Method	Present and prospective competition; Changes in yield curve; Market sentiment

(c) *Financial risk management objective and policies*

Introduction and preview

Financial instruments carried on the statement of financial position include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, available for sale investments, deposit on shares, other receivables, cash and cash equivalents 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

(i) *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.

6. **Financial instruments – Fair values and risk management (continued)**

(c) *Financial risk management objective and policies (continued)*

(i) *Market risk (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 Company has no significant exposure to interest rate risk other than relating to its bank balances as the loans are either interest free or bear a fixed rate of interest.

- *Price risk*

The Company is not exposed to commodity price risk.

- *Currency risk*

The Company invests in stocks denominated in Great Britain Pound (GBP) and EURO (EUR), Arab Emirates Dirham (AED) & Hong Kong Dollar (HKD). Consequently, the Company is exposed to the risk that the exchange rate of the US Dollar relative to the Great Britain Pound, EURO, Arab Emirates Dirham (AED) & Hong Kong Dollar (HKD) 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 2023 USD	**Financial liabilities 2023 USD**	Financial assets 2022 USD	Financial liabilities 2022 USD
USD	**7,101,592**	**52,245,554**	5,177,819	14,433,016
GBP	**167,529**	**-**	222,804	-
HKD	**254,776**	**-**	-	-
	7,523,897	**52,245,554**	5,400,623	14,433,016

A 10 % strengthening of USD against the GBP & HKD at 31st March 2023 would have increased net profit before tax by USD 42,230 (2022: USD 22,280). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2022.

6. Financial instruments – Fair values and risk management (continued)

(c) Financial risk management objective and policies (continued)

(i) Market risk (continued)

- *Currency risk (continued)*

Sensitivity Analysis:

Currency	**2023 USD**	2022 USD
GBP	**16,753**	22,280
HKD	**25,477**	-
	42,230	22,280

Similarly, a 10% weakening of the USD against the GBP and HKD at 31st March 2023 would have had the exact reverse effect.

(ii) 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:

	2023 USD	2022 USD
Other receivables	**6,626,363**	3,960,743
Cash and cash equivalents	**418,100**	916,158
	7,044,463	4,876,901

6. **Financial instruments – Fair values and risk management (continued)**

(c) *Financial risk management objective and policies (continued)*

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 deposit on shares and 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 418,100 at 31 March 2023 (2022: USD 916,158). 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.

(iii) 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 2023	**Due on Demand USD**	**Within one year USD**	**One to five years USD**	**Total USD**
Financial liabilities				
Other payables	**22,245,554**	**-**	**30,000,000**	**52,245,554**
Total financial liabilities	**22,245,554**	**-**	**30,000,000**	**52,245,554**
31 March 2022	USD	USD	USD	USD
Financial liabilities				
Other payables	14,433,016	-	-	14,433,016
Total financial liabilities	14,433,016	-	-	14,433,016

Multinational Textile Group Limited

Notes to and forming part of the financial statements
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7. Revenue

Revenue consists of the following:

	2023 USD	2022 USD
Dividend income	**11,251,580**	30,748,441
Management fees income	**3,954,237**	3,309,508
Corporate service fees income	**559,467**	795,341
Commission income	**706,555**	692,133
Insurance fee income	**-**	23,750
Recharge fee income	**177,146**	-
SAP Fee income	**523,269**	-
IT Licence income	**72,296**	-
	17,244,550	35,569,173

8. Net finance income / (costs)

	2023 USD	2022 USD
Finance income		
Interest income	**29,945**	44,939
Gain on foreign exchange	**1,132**	818
	31,077	45,757
Finance costs		
Interest expense	**(1,785)**	-
Loss on foreign exchange	**(12,625)**	(51,144)
	(14,410)	(51,144)
Net finance income / (costs)	**16,667**	(5,387)

9. Income tax expense

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is liable to tax at the rate of 15% on all its income. Pursuant to the enactment of the Finance Act 2018, with effect since 01 January 2019, the deemed foreign tax credit has phased out since 01 July 2021. Any income derived prior 30 June 2021, will still be entitled to deemed foreign tax credit of 80% or actual foreign tax credit, whichever is the higher. Any income derived after 30 June 2021 will be subject to tax at the rate of 15% and would be entitled to either:

(a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability arising in Mauritius on such income, or

9. Income tax expense (continued)

(b) a partial exemption of 80% applicable to specified income, including but not limited to foreign-source dividends or interest income, subject to the Company meeting the necessary substance requirements.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from the sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

A reconciliation of the actual income tax expense based on accounting loss and actual income tax expense is as follows:

Recognised in statement of profit or loss and other comprehensive income

	2023 USD	2022 USD
Current year tax charge	**223,322**	983,787
Over provision of previous year	**(179,042)**	(65,701)
Current year tax expenses	**44,280**	918,086

Reconciliation of effective taxation

	2023 USD	2022 USD
Profit before taxation	**8,801,511**	28,470,842
Income tax at 15%	**1,320,227**	4,270,626
Non-deductible expense	**322,364**	498,140
Non-taxable income	**(65,700)**	(3,481)
Exempt income	**(1,353,569)**	(3,666,273)
Foreign tax credit	**-**	(115,225)
Current year tax charge	**223,322**	983,787

Current tax liability

	2023 USD	2022 USD
Balance at 01 April	**822,965**	180,254
Over provision of previous year	**(179,042)**	(65,701)
Current year tax expense	**223,322**	983,787
Tax paid during the year	**(643,923)**	(275,375)
Balance at 31 March	**223,322**	822,965

Multinational Textile Group Limited

Notes to and forming part of the financial statements
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10. Investments in subsidiaries

Investments consist of unquoted shares in subsidiaries and other investment.

	2023 USD	2022 USD
Cost		
At 01 April	**62,151,609**	30,791,619
Conversion of deposit on shares during the year	-	139,753
Additions during the year	**27,960,000**	15,389,306
Disposals during the year	-	(85,831)
Transfer of investment	**(9,538,223)**	(65,850)
Impairment of investments	-	(1,267,388)
At 31 March	**80,573,386**	44,901,609

Name of company	*Type of shares*	*Number of Shares 2023*	*Number of Shares 2022*	*2023 % held*	*2022 % held*	*Country of incorporation*
Subsidiaries						
PDS Sourcing Limited	Equity	**13,987,266**	3,987,266	**100%**	100%	Mauritius
Norwest Industries Limited	Equity	**4,000,000**	4,000,000	**100%**	100%	Hong Kong
Zamira Fashions Limited	Equity	-	167,500	-	67%	Hong Kong
PG Group Limited	Equity	-	510,000	-	51%	Hong Kong
Simple Approach Ltd	Equity	-	187,500	-	75%	Hong Kong
Simple Approach Ltd	Preference	-	1,990,000	-	9%	Hong Kong
PDS Fabric Tech Ltd	Equity	-	2,000,000	-	100%	Hong Kong
Casa Forma Limited	Equity	**925,000**	925,000	**100%**	100%	United Kingdom
PDS Asia Star Corporation Limited	Equity	-	180,000	-	60%	Hong Kong
Techno Design HK	Equity	-	55,000	-	55%	Hong Kong
Poeticgem International Limited	Class A Ord shares	-	10,000	-	100%	Hong Kong
Poeticgem International Limited	Class B Ord shares	-	100	-	100%	Hong Kong
Multinational OSG Service Bangladesh Limited	Equity	**1,173,889**	1,173,889	**99.98%**	99.97%	Bangladesh
Techno Design GmbH	Equity	**55,000**	55,000	**55%**	55%	Germany
Green Apparel Industries Limited	Equity	-	150,000	-	75%	Hong Kong
Grupo Sourcing Limited	Equity	-	51,000	-	51%	Hong Kong
PDS Ventures Limited	Equity	**1,000,000**	1,000,000	**100%**	100%	Mauritius
PDS Ventures Limited	Preference	**15,000,000**	-	**100%**	100%	Mauritius

10. Investments in subsidiaries (continued)

Name of company	*Type of shares*	*Number of Shares 2023*	*Number of Shares 2022*	*2023 % held*	*2022 % held*	*Country of incorporation*
Subsidiaries						
Progress Manufacturing Group Limited	Equity	**-**	10,000	**-**	100%	Hong Kong
Techno Sourcing BD Limited	Equity	**472,944**	472,944	**49%**	49%	Bangladesh
Blueprint Design Limited	Equity	**10,000**	10,000	**100%**	100%	Hong Kong
Spring Near East FZCO	Equity	**55**	55	**55%**	55%	United Arab Emirates
Kleider Sourcing FZCO	Equity	**-**	41	**-**	41%	United Arab Emirates
PDS Global Investments	Equity	**50,000**	50,000	**100%**	100%	British Virgin Islands
FX Import Hong Kong	Equity	**-**	10,000	**-**	100%	Hong Kong
PDS Manufacturing Limited	Equity	**100**	100	**100%**	100%	Mauritius
PDS Manufacturing Limited	Preference	**18,100,000**	-	**100%**	-	Mauritius
PDS Multinational FZCO	Equity	**42,305**	100	**100%**	100%	United Arab Emirates

11. Investments in associate

Investments consist of unquoted shares

	2023 USD	2022 USD
Cost		
At 01 April	**115,981**	115,981
At 31 March	**115,981**	115,981
Share of loss of equity accounted investee		
Share of loss during the year	**(115,981)**	(115,981)
Carrying amount		
At 31 March	**-**	-

Name of company	*Type of shares*	*Number of shares*	*2023 % held*	*2022 % held*	*Country of incorporation*
GWD Enterprise Limited	Equity	100 A shares and 25 B shares		25%	United Kingdom

Multinational Textile Group Limited

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12. Financial assets at fair value through other comprehensive income

	2023	2022
	USD	USD
Cost		
At 01 April	**321,002**	321,002
Movement during the year	-	-
At 31 March	**321,002**	321,002
Unrealised gain on fair value of financial assets		
At 01 April	**53,478**	228,204
Movement during the year	**(36,698)**	(174,726)
At 31 March	**16,780**	53,478
Valuation at 31 March	**337,782**	374,480

Name of company	*Type of shares*	*Number of shares*	*2023 % held*	*2022 % held*	*Country of incorporation*
Exchange Juhu Limited	Preference	200,000	1.33%	1.33%	Mauritius
Exchange Juhu Limited	Equity	2,518	1.48%	1.48%	Mauritius
Flying Jamon Ltd	Preference	3,286	5.91%	5.91%	United Kingdom

Note: Investment in Flying Jamon has been impaired fully.

Multinational Textile Group Limited

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13. Financial assets at fair value through profit or loss

	2023 USD	2022 USD
Cost		
As at 01 April	**135,481**	637,481
Additions during the year	-	-
Disposal during the year	-	(502,000)
Balance as at 31 March	**135,481**	135,481
Unrealised gain on fair value of investments		
As at 01 April	**13,761**	2,902
Movement during the year	**(7,590)**	10,859
At 31 March	**6,171**	13,761
Valuation at 31 March	**141,652**	149,242

14. Intangible

	2023 USD	2022 USD
As at 01 April	**287,168**	-
Additional during the year	**277**	287,168
At 31 March	**287,445**	287,168

The Company is currently implementing an IT project. No amortisation has been charged as the project is still at work in progress stage.

15. Deposit on shares

	2023 USD	2022 USD
Balance as at 31 March	**17,388,096**	17,250,000

Deposit on shares comprise of 9,100,000 shares in PDS Manufacturing Limited and 7,850,000 shares in PDS Ventures Limited.

16. Other receivables

	2023 USD	2022 USD
Loan/advances to subsidiaries	**1,865,202**	1,194,998
Loan/advances to related parties	**-**	514,314
Other receivable	**4,403,356**	1,707,897
Interest receivable	**39,722**	33,387
Corporate service fees receivable	**64,488**	52,508
Dividend receivable	**-**	222,273
Management fees receivable	**234,235**	156,734
Commission Receivable	**19,360**	78,631
Prepaid expenses	**795**	792
	6,627,158	3,961,534

The above loan to subsidiaries and related parties are unsecured, interest free with no fixed term of repayment.

The above loans to third parties are unsecured, interest bearing with no fixed term of repayment.

17. Stated capital

	2023 USD	2022 USD
Stated capital		
21,948,270 ordinary shares of USD 1 each	**21,948,270**	21,948,270

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.

18. **Other payables**

(a) Non-current liabilities

	2023 USD	2022 USD
Advance from related party	**30,000,000**	-

(b) Current liabilities

	2023 USD	2022 USD
Advance from related party	**21,612,000**	10,713,441
Other payable	**605,736**	3,699,361
Accrued expenses	**27,818**	20,214
	22,245,554	14,433,016

19. **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.

Two directors the Company are deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

During the year under review, the Company entered into the following related party transactions.

Name of related companies:	*Nature*	2023 USD	2022 USD
Deepak Seth	Repaid	**1,800,000**	225,000
Design Arc FZCO	(Received) / Advance	-	(95,438)
Nor Lanka Manufacturing	Accrued	**414,706**	225,515
Nor Lanka Manufacturing	(Received)	**(420,790)**	(189,452)
Design Arc Asia Limited	Accrued	**501,801**	212,027
Design Arc Asia Limited	(Received)	**(514,206)**	(199,038)
Frou Holdings Ltd	(Received)	-	(393,406)
FX Import Company Limited	Accrued	**24,233**	-
FX Import Hong-Kong Limited	Accrued	**13,657**	-
PDS Sourcing Limited	Loan / Advances given to	**1,308,370**	-
PDS Sourcing Limited	(Received)	**(563,906)**	481,289
Green Apparel Industries Limited	Accrued	**185,250**	133,162
Green Apparel Industries Limited	(Received)	**(131,000)**	(78,912)
Grupo Sourcing Limited	Accrued	**91,764**	78,148
Grupo Sourcing Limited	(Received)	**(92,836)**	(95,790)

19. Related party transactions (continued)

Name of related companies:	*Nature*	**2023 USD**	2022 USD
JSM Trading FZE	Accrued	-	875,000
Kleider Sourcing FZCO	Advance	**(78,119)**	-
Kleider Sourcing Hong-Kong Limited	(Received)	-	(6,336)
Krayons Sourcing Limited	Accrued	**143,019**	5,763
Krayons Sourcing Limited	Repaid	**(137,256)**	11,373
PDS Ventures Limited	Advance	**13,216**	(25,000)
PDS Ventures Limited	Given	-	(412,971)
Multinational OSG Bangladesh	Allotment of shares	-	(139,753)
Norwest Industries Limited	Accrued	**46,980,791**	549,575
Norwest Industries Limited	Received	**(78,358,474)**	(11,197,302)
PDS Ltd	Accrued	**11,801,626**	(5,784,175)
PDS Ltd	Given	**(9,100,808)**	5,599,891
PDS Asia Star Corporation Limited	Accrued	-	169,528
PDS Asia Star Corporation Limited	(Received)	-	(977,950)
PG Group limited	Accrued	-	17,327
PG Group limited	(Received)	-	(17,327)
Poeticgem International Limited	Accrued	**1,002,068**	1,179,886
Poeticgem International Limited	Received	**(888,304)**	(1,295,233)
Poeticgem Limited	Received	**26,892**	-
Progress Manufacturing Group Limited	Accrued receivable	-	132,529
Progress Manufacturing Group Limited	Accrued Payable	-	(20,094)
Progress Manufacturing Group Limited	Received	**20,094**	(194,604)
Razamtazz Limited	Received	-	(417,989)
GWD Enterprises Limited	Re-assignment	**(932,203)**	(351,918)
Simple Approach Limited	Accrued	**1,524,412**	324,754
Simple Approach Limited	(Received)	**(1,322,214)**	(342,845)
Spring Near East FZCO	Given	**(196,555)**	(110,000)
Spring Near East Manufacturing Ltd	Accrued	**293,218**	212,294
Spring Near East Manufacturing Ltd	Received	**(250,759)**	(229,413)
Techno Design HK	Accrued	**1,944,547**	276,761
Techno Design HK	Received	**(2,000,010)**	(728,427)
Zamira Fashions Limited	Dividend Accrued	-	222,273
Zamira Fashions Limited	Accrued Receivable	-	143,276
Zamira Fashions Limited	Received	-	(143,558)
Sourcing Solutions Limited	Accrued	**69,916**	47,184
Sourcing Solutions Limited	Received	**(73,262)**	(37,690)
PDS Manufacturing Limited	Advance	**186,880**	-
		========	========

Multinational Textile Group Limited

Notes to and forming part of the financial statements
for the year ended 31 March 2023

19. **Related party transactions (continued)**

Balances outstanding at 31 March:	*Nature*	**2023 USD**	2022 USD
Deepak Seth	Amount payable	**(126,940)**	(1,926,940)
Trilegal	Amount payable	**(37,037)**	-
Design Arc FZCO	Amount receivable	-	-
Nor Lanka Manufacturing	Amount receivable	**6,084**	-
Design Arc Asia Limited	Amount receivable	**19,361**	31,766
Frou Holdings Ltd	Amount receivable	-	-
FX Import Company Limited	Amount receivable	**24,233**	24,233
FX Import Hong-Kong Limited	Amount (payable)	-	(13,657)
PDS Sourcing Limited	Amount payable	**(677,753)**	(66,711)
Green Apparel Industries Limited	Amount Payable	-	(54,250)
Grupo Sourcing Limited	Amount (payable)	**(6,153)**	(5,081)
Kleider Sourcing FZCO	Amount receivable	-	78,119
Kleider Sourcing Hong-Kong Limited	Amount receivable	-	-
Krayon Sourcing Limited	Amount payable	-	(5,763)
PDS Ventures Limited	Amount receivable	**612,065**	598,849
Norwest Industries Limited	Amount (payable)	**(41,599,408)**	(10,221,725)
PDS Ltd	Amount receivable	**4,224,287**	1,523,469
PDS Asia Star Corporation Limited	Amount receivable	-	-
Poeticgem International Limited	Amount payable	**18,663**	(95,101)
Poeticgem Limited	Amount payable	-	(26,892)
Progress Manufacturing Group Limited	Amount (Payable)	-	(20,094)
Razamtazz Limited	Amount receivable	-	-
GWD Enterprises Limited	Amount receivable	**1**	932,204
Simple Approach Limited	Amount payable	**140,248**	(61,950)
PDS Ventures Limited	Amount receivable	-	-
Spring Near East FZCO	Amount receivable	-	196,555
Spring Near East Manufacturing Co. Ltd	Amount Payable	-	(42,459)
Techno Manufacturing Limited	Amount receivable	-	-
Zamira Fashions Limited	Amount receivable	-	-
Sourcing Solutions Limited	Amount payable	**12,783**	(9,437)
Clover Collections	Amount payable	-	-
Styleberry Limited	Amount payable	-	-
PDS Manufacturing Limited	Amount receivable	**186,880**	-
JSM Trading FZE	Amount payable	-	-
Multinational OSG Bangladesh	Share application monies	-	-
Techno Design HK	Amount payable	**(48,853)**	6,610
		========	========

20. 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.

21. Holding company

The Company is a wholly owned subsidiary of PDS Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

22. Going concern, impact of COCID-19 and Ukrainian – Russian War

Impact of COVID-19

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

Impact of Ukrainian - Russian war

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

22. Going concern, impact of COCID-19 and Ukrainian – Russian War

Going Concern

The Company generated a profit for the year ended 31 March 2023 of USD 8,757,231 (2022: USD 27,552,756). As at that date, the Company had net assets of USD 53,304,743 (2022: USD 52,584,210) with its total current liabilities exceeding its total current assets by USD 15,423,618 (2022: USD 10,378,289). To meet its operational requirements, the Company is dependent on the advisory fee income.

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 and Ukraine Russian War, which is at least, but is not limited to, twelve months from the date of approval of these 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.

23. Events after the reporting date

There has been no significant event after the reporting date which in the opinion of the board of directors requires disclosure in the financial statements.

Multinational Textile Group Limited

Statement of profit and loss and other comprehensive income
for the year ended 31 March 2023

	2023 USD	2022 USD
Revenue		
Dividend income	**11,251,580**	30,748,441
Management fees income	**3,954,237**	3,309,508
Commission income	**706,555**	692,133
Corporate service fees income	**559,457**	795,341
SAP fees income	**523,269**	-
Recharge fee income	**177,146**	-
IT licence income	**72,296**	-
Insurance fees income	-	23,750
	17,244,550	35,569,173
Expenses		
Corporate service fees	**8,266,965**	5,213,332
Professional fee	**463,861**	69,192
Consultancy fees	**50,200**	20,835
Directors cost	**37,500**	12,500
Accounting fee	**21,954**	21,953
Audit fee	**18,405**	18,404
Bank charges	**15,336**	14,115
Training cost	**15,000**	-
License fees	**2,270**	2,270
Disbursements	**950**	-
Compliance fees	**12**	-
Design and sample charge	-	286,588
Service fee charges	-	246,147
Sundry expenses	-	8,750
	8,892,453	5,914,086
Profit from operating activities	**8,352,097**	29,655,087
(Impairment) / Reversal of impairment of investments and loans	**437,999**	(1,976,316)
Gain on revaluation of investment at fair value through profit or loss	**(7,590)**	9,608
Creditors waived off	**2,338**	13,600
Provision write back	-	775,000
Loss on disposal of financial assets at fair value through profit or loss	-	(750)
	432,747	(1,178,858)
Net finance income / (costs)	**16,667**	(5,387)
Profit before taxation	**8,801,511**	28,470,842