

**Independent Auditor's Report**

**TO THE MEMBERS OF TECHNO DESIGN GMBH**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Techno Design GmbH ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss, including Other Comprehensive Income, Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information (herein after referred to as "financial statements"). The Financial Statements have been prepared by the management of Company, solely for the purpose of preparation of the consolidated financial statements of its ultimate holding company, PDS Limited.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit, total comprehensive profit, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibility for the Audit of the Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility 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 SAs 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 SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

## Other Reporting Requirements

We further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
- b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity, and dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the financial statements.

For **PRASHANT SHAH & CO**  
Chartered Accountants  
Firm Registration No. 146854W



PRASHANT SHAH  
Proprietor  
Membership No. 303286  
Place: Mumbai  
Date: 26 April 2024  
UDIN: 24303286BKAJRN9809

**Techno Design GmbH**  
**Balance Sheet as at March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	4,10,089	6,28,468
(b) Intangible assets	5	-	-
(c) Financial assets			
i) Investments	8	3,01,108	63,395
ii) Other financial assets	7	-	-
(d) Deferred tax assets	6	9,176	72,728
<b>Total Non-current assets</b>		<b>7,20,373</b>	<b>7,64,591</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Inventories	9	17,36,671	13,35,311
(ii) Trade Receivables	10	1,34,73,496	68,51,247
(iii) Cash and cash equivalents	12	28,33,271	21,07,409
(iv) Other financial assets	7	1,81,002	3,97,444
(b) Other current tax assets	11	3,36,364	2,63,904
(c) Other assets	13	6,38,453	7,02,468
<b>Total Current assets</b>		<b>1,91,99,257</b>	<b>1,16,57,784</b>
<b>Total Assets</b>		<b>1,99,19,630</b>	<b>1,24,22,375</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	14	1,00,000	1,00,000
(b) Other equity	15	4,05,769	4,088
<b>Total Equity</b>		<b>5,05,769</b>	<b>1,04,088</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	17	1,96,384	3,57,977
(ii) Other financial liabilities	18	-	-
<b>Total Non-current liabilities</b>		<b>1,96,384</b>	<b>3,57,977</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Lease liabilities	17	1,61,593	1,86,819
(ii) Trade payables	19		
- Due to micro and small enterprises		-	-
- Due to others		1,80,77,591	1,10,55,289
(iii) Other financial liabilities	18	-	491
(b) Provisions	16	4,16,208	2,06,576
(c) Other current liabilities	20	5,62,085	5,11,135
<b>Total Current liabilities</b>		<b>1,92,17,477</b>	<b>1,19,60,310</b>
<b>Total Equity and Liabilities</b>		<b>1,99,19,630</b>	<b>1,24,22,375</b>

See accompanying notes forming part of the financial statements  
In terms of our report attached.

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For PRASHANT SHAH & CO  
Chartered Accountants  
Firm Registration Number : 146854W

*Prashant Shah*

Prashant Shah  
Proprietor  
Membership Number : 303286



For and on behalf of the Board of Directors of  
Techno Design GmbH

*Rajive Ranjan*

Rajive Ranjan  
Director

*Pallak Seth*

Pallak Seth  
Director

Mumbai  
April 26, 2024

Techno Design GmbH  
Statement of Profit and Loss for the year ended March 31, 2024

(All monetary numbers in Euro unless otherwise specified)

Particulars	Note No.	Year ended on March 31, 2024	Year ended on March 31, 2023
I Revenue from operations	21	8,68,52,869	5,28,76,385
II Other income	22	16,06,356	8,51,533
III Total income (I + II)		8,84,59,225	5,37,27,918
IV Expenses			
(a) Cost of Goods Sold	23	7,12,80,593	4,40,78,334
(b) Employee benefit expense	24	35,99,984	23,85,305
(c) Depreciation and amortisation expense	25	2,26,194	2,43,572
(d) Finance Cost	26	85,966	81,716
(e) Other expenses	27	1,25,36,455	66,74,382
Total expenses (IV)		8,77,29,192	5,34,63,309
V Profit before tax (III - IV)		7,30,032	2,64,609
VI Tax expense	29		
(a) Current tax		3,12,982	89,077
(b) Deferred tax charge / (credit)		63,552	(28,943)
VII Profit for the year (V - VI)		3,53,499	2,04,475
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) Net gain on instruments measured at fair value through other comprehensive income		-	16,349
(b) Income tax relating to items that will not be reclassified to profit or loss		-	(5,106)
		-	11,243
IX Total comprehensive income (VII + VIII)		3,53,499	2,15,718
X Earnings per equity share			
(1) Basic (in Euro)	28	3.53	2.04
(2) Diluted (in Euro)	28	3.53	2.04

See accompanying notes forming part of the financial statements 1-38  
In terms of our report attached.

For PRASHANT SHAH & CO  
Chartered Accountants  
Firm Registration Number : 146854W

Prashant Shah  
Proprietor  
Membership Number : 303286



Mumbai  
April 26, 2024

For and on behalf of the Board of Directors of  
Techno Design GmbH

Rajive Ranjan Pallak Seth

Rajive Ranjan  
Director

Pallak Seth  
Director

**Techno Design GmbH**  
**Statement of Cash Flow for the period ended March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash flows from operating activities</b>		
Net Profit/(Loss) for the period before taxation	7,30,032	2,64,609
Adjustments to non-cash and non-operating items:		
Depreciation and amortisation	2,26,194	2,43,572
Stock Option Outstanding	48,182	1,00,521
Interest on lease liabilities	9,186	12,925
Other Comprehensive Income	-	11,243
Operating profit before working capital changes:	10,13,594	6,32,870
Add: Increase in Current Liabilities/Decrease in Current Assets		
Increase in Trade Payables	70,22,302	33,01,604
Increase in provisions	-	-
Increase in other current liabilities	50,950	2,97,257
Decrease in other non-current assets	-	-
Less: Decrease in Current Liabilities/Increase in Current Assets		
Decrease in provisions	-	(4,56,749)
Decrease in current financial liabilities	(491)	(5,62,206)
Decrease in Lease liabilities	-	-
Increase in trade receivables	(66,22,249)	(15,75,841)
Increase in inventories	(4,01,360)	(3,87,678)
Decrease in Other financial assets	2,16,442	-
Decrease in other Current assets	64,015	(4,86,527)
Increase in other current financial assets	(72,459)	(60,474)
Cash generated from operations	12,70,744	7,02,255
Direct tax (paid)/ refund received	(1,03,351)	(88,941)
Net cash inflow from operating activities (A)	11,67,393	6,13,313
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment, investment property and other intangible assets	(7,814)	(28,013)
Purchase of investment	(2,37,713)	-
Proceed from investment	-	1,00,872
Net cash inflow from investing activities (B)	(2,45,527)	72,859
<b>C. Cash flows from financing activities</b>		
Payment of lease liabilities	(1,86,819)	(1,87,247)
Interest Paid on lease liabilities	(9,186)	(12,925)
Net cash outflow from financing activities (C)	(1,96,005)	(2,00,172)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	7,25,862	4,86,001
Cash and cash equivalents at the beginning of the year (refer note 12)	21,07,409	16,21,408
Cash and cash equivalent at the end of the year (refer note 12)	28,33,271	21,07,409
Components of cash and cash equivalents		
Cash on hand	548	363
With banks - on current account and deposits with banks	28,32,723	21,07,046
Cash and cash equivalent at the end of the year (refer note 12)	28,33,271	21,07,409

See accompanying notes forming part of the financial statements

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As per our report of even date attached

For PRASHANT SHAH & CO  
Chartered Accountants  
Firm Registration Number : 146854W  
  
  
Prashant Shah  
Proprietor  
Membership Number : 303286

Mumbai  
April 26, 2024

For and on behalf of the Board of Directors of  
Techno Design GmbH



Rajive Ranjan  
Director



Pallak Seth  
Director

Techno Design GmbH  
Statement of Changes in equity for the year ended March 31, 2024

(All monetary numbers in Euro unless otherwise specified)

A. Equity share capital				
Particulars	Number of shares		Amount	
Balance at March 31, 2022	1,00,000		1,00,000	
Changes in equity share capital during the year	-		-	
Balance at March 31, 2023	1,00,000		1,00,000	
Changes in equity share capital during the year	-		-	
Balance at March 31, 2024	1,00,000		1,00,000	
B. Other equity				
Particulars	Retained Earnings	Other Comprehensive Income	Stock Options Outstanding	Total
Balance at March 31, 2022	(3,53,653)	-	41,502	(3,12,151)
Profit/(loss) for the year	2,04,475	-	-	2,04,475
Other Comprehensive Income/(loss)	-	11,243	-	11,243
Total Comprehensive Income	2,04,475	11,243	-	2,15,718
Stock Option Outstanding	-	-	1,00,521	1,00,521
Balance as at March 31, 2023	(1,49,178)	11,243	1,42,023	4,088
Profit/(loss) for the year	3,53,499	-	-	3,53,499
Other Comprehensive Income/(loss)	-	-	-	-
Total Comprehensive Income	3,53,499	-	-	3,53,499
Stock Option Outstanding	-	-	48,182	48,182
Balance at March 31, 2024	2,04,321	11,243	1,90,205	4,05,769

See accompanying notes forming part of the financial statements 3  
In terms of our report attached.

For PRASHANT SHAH & CO  
Chartered Accountants  
Firm Registration Number : 146854W

Prashant Shah  
Proprietor  
Membership Number : 303286



Mumbai  
April 26, 2024

For and on behalf of the Board of Directors of  
Techno Design GmbH

Rajive Ranjan Pallak Seth  
Director Director

## Techno Design GmbH

### Notes to standalone financial statements for the year ended March 31, 2024

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#### Note 1: Corporate information

Techno Design GmbH has its registered office in Willich and is registered with the Krefeld Local Court under the registration number HRB 14782.

These annual financial statements have been prepared in accordance with Indian Accounting Standard (IND AS) and in accordance with the the relevant provisions of the German Limited Liability Companies Act (GmbHG). The company has made use of the size-dependent for the preparation of the notes to the financial statements in accordance with Indian Accounting Standard (IND AS).

#### Note 2: Statement of compliance

The Standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as amended and other relevant provisions..  
The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

##### Basis of preparation and presentation

The standalone financial statements have been prepared on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the relevant accounting policies mentioned. The financial statements are presented in Euro.

##### Going concern

The Board of Directors have considered the financial position of the Company at March 31, 2024 and the projected cash flows and financial performance of the Company for at least twelve months from the date of standalone financial statements as well as planned cost and cash improvement actions, and believe that the plan for sustained profitability remains on course.

The Board of Directors have taken actions to ensure that appropriate long-term cash resources are in place at the date of signing the accounts to fund the Company's operations.

#### Note 3: Significant accounting policies

##### a) Significant accounting judgements, estimates and assumptions

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

##### Judgements:

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

##### Useful lives of property, plant and equipment

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

##### Estimates and Assumptions:

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

##### i) Income taxes

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

##### ii) Contingencies

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

##### iii) Recoverability of deferred taxes

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

##### iv) Impairment of long lived assets

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

## Techno Design GmbH

Notes to standalone financial statements for the year ended March 31, 2024

### b) Current versus non-current classification

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

#### Assets:

An asset is treated as current when it is:

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

#### Liabilities:

A liability is current when:

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

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

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

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

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss within other income or expense (as applicable).

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

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

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

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

### d) Intangible assets

#### Recognition and measurement

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

**Amortisation:** Intangible assets, with infinite lives, are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the assets are available to the Company for their use. In case of the trade mark capitalised, the Company is amortizing it over period of 5 years from the date of capitalisation. Specialized softwares are amortized over a period of 5 years or license period whichever is earlier.

### e) Borrowing costs

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### f) Foreign currency transaction

#### Functional and presentation currency

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

#### Initial recognition

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

#### Measurement at the reporting date

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

## Techno Design GmbH

Notes to standalone financial statements for the year ended March 31, 2024

### g) Revenue recognition

Income from corporate and sourcing support services rendered to group companies are recognized as the services are rendered based on a cost plus mark-up in accordance with the terms of respective arrangements.

'Unbilled revenue' included in other financial assets represent revenue in excess of billings as of the Balance Sheet date. 'Unearned revenues' included in financial liabilities represent billing in excess of revenue recognized.

Revenue from sale of goods is recognised when a customer obtains control of the goods. Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government which are levied on sales such as goods and services tax, etc. Further, revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the entity.

#### Other income

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

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

### h) Leases

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

#### Company as a lessee

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

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

#### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

#### (c) Short term leases

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

### i) Provisions, Contingent liabilities and Contingent assets

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

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

Contingent liability is disclosed in the case of:

- i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle obligation;
- ii) a present obligation arising from past events, when no reliable estimate is possible.

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

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

### j) Financial instruments

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

## Techno Design GmbH

Notes to standalone financial statements for the year ended March 31, 2024

### k) Taxes on income

#### Current income tax

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

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

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

#### Deferred Tax

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

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

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

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

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

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

### l) Cash and cash equivalents

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

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

### m) Earnings per share (EPS)

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

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

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

Techno Design GmbH  
Notes forming part of the financial statements

4. Property, plant and equipment

(All monetary numbers in Euro unless otherwise specified)

Particulars	As at March 31, 2024	As at March 31, 2023
<u>Carrying amounts of:</u>		
Furniture and fixtures	14,968	23,232
Office equipments	10,160	17,633
Computer Hardware	13,190	20,185
Leasehold improvements	19,059	28,253
Right of Use assets	3,52,712	5,39,164
<b>Total</b>	<b>4,10,089</b>	<b>6,28,468</b>

Particulars	Furniture and fixtures	Office equipments	Computer Hardware	Leasehold premises	Right Of Use Assets	Total
<u>At cost</u>						
Balance as at March 31, 2022	64,405	1,05,690	47,993	48,442	9,64,817	12,31,347
Additions	3,379	8,946	15,688	-	-	28,013
Disposals	-	-	-	-	-	-
Balance as at March 31, 2023	67,784	1,14,636	63,681	48,442	9,64,817	12,59,360
Additions	5,678	2,136	-	-	-	7,814
Disposals	-	-	-	-	-	-
Balance as at March 31, 2024	73,462	1,16,772	63,681	48,442	9,64,817	12,67,174
<u>Accumulated Depreciation</u>						
Balance as at March 31, 2022	35,195	85,760	20,592	10,995	2,35,137	3,87,679
Additions	9,357	11,243	22,903	9,194	1,90,516	2,43,213
Disposals	-	-	-	-	-	-
Balance as at March 31, 2023	44,552	97,003	43,495	20,189	4,25,653	6,30,892
Additions	13,942	9,609	6,996	9,194	1,86,453	2,26,194
Disposals	-	-	-	-	-	-
Balance as at March 31, 2024	58,494	1,06,612	50,491	29,383	6,12,106	8,57,086
Carrying Amount as at March 31, 2024	14,968	10,160	13,190	19,059	3,52,712	4,10,089
Carrying Amount as at March 31, 2023	23,232	17,633	20,185	28,253	5,39,164	6,28,468

5 Intangible assets

(All monetary numbers in Euro unless otherwise specified)

Particulars	As at March 31, 2024	As at March 31, 2023
Carrying amounts of:		
Computer software	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Cost or deemed Cost		
Balance at March 31, 2022	4,300	4,300
Additions	-	-
Disposals	-	-
Decrease in other non-current assets	-	-
Balance at March 31, 2023	4,300	4,300
Additions	-	-
Disposals	-	-
Balance at March 31, 2024	4,300	4,300
Accumulated amortization and impairment		
Balance at March 31, 2022	3,941	3,941
Additions	359	359
Disposals	-	-
Balance at March 31, 2023	4,300	4,300
Additions	-	-
Disposals	-	-
Balance at March 31, 2024	4,300	4,300

6. Deferred tax assets /liabilities

Particulars	As at March 31, 2024	As at March 31, 2023
Derivation:		
EWB:	-	-
unrealized exchange rate differences:	29,390	2,32,916
<u>Creation of deferred tax assets based on</u>	<u>29,390</u>	<u>2,32,916</u>
KSt 15%	4,408	34,937
SolZ 5.50%	242	1,922
Trade tax 15.40%	4,526	35,869
<b>Net deferred tax assets / (liabilities)</b>	<b>9,176</b>	<b>72,728</b>

Note :- Deferred tax for the Financial year 2023-24 and 2022-23, it is calculated by the Tax Experts in the Germany for which they have provided their calculation and according to the available information.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

7. Other financial assets

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<u>Unsecured, Considered good</u>				
(a) Advance to Employees and Others	-	-	1,79,836	3,95,000
(b) Other Receivables	-	-	1,166	2,444
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,81,002</b>	<b>3,97,444</b>

8. Investments

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<u>Fair Value through Other Comprehensive Income</u>				
Investment in preferred equities	3,01,108	63,395	-	-
<b>Total</b>	<b>3,01,108</b>	<b>63,395</b>	<b>-</b>	<b>-</b>

9. Inventories		As at March 31, 2024	As at March 31, 2023
Particulars			
(a) Finished Goods		17,36,671	13,35,311
<b>Total</b>		<b>17,36,671</b>	<b>13,35,311</b>

10. Trade Receivables		Non-current		Current	
Particulars		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Trade receivable considered good - secured		-	-	1,00,81,491	68,51,247
Trade receivable considered good - unsecured		-	-	33,92,005	-
Trade receivable which have significant increase in credit risk		-	-	16,000	-
Trade receivable - credit impaired		-	-	-	-
Less: Expected credit loss allowance for doubtful trade receivable		-	-	(16,000)	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1,34,73,496</b>	<b>68,51,247</b>

Note : Trade Receivable are shown after netting of the amount written off during the year.

Trade Receivable ageing as on 31 March, 2024:		Outstanding for following periods from due date of payment				
Particulars		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
Undisputed Trade receivables – considered good		1,34,73,496	-	-	-	-
<b>Total</b>		<b>1,34,73,496</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Trade Receivable ageing as on 31 March, 2023:		Outstanding for following periods from due date of payment				
Particulars		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years
Undisputed Trade receivables – considered good		68,51,247	-	-	-	-
<b>Total</b>		<b>68,51,247</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

11. Other current tax assets		As at March 31, 2024	As at March 31, 2023
Particulars			
Advance Income tax (net of provision for tax)		3,36,364	2,63,904
<b>Total</b>		<b>3,36,364</b>	<b>2,63,904</b>

12. Cash and cash equivalents		As at March 31, 2024	As at March 31, 2023
Particulars			
Cash-in-hand		548	363
<u>Balances with banks</u>			
Current accounts		27,98,985	20,74,815
Deposit accounts		33,738	32,231
<b>Total</b>		<b>28,33,271</b>	<b>21,07,409</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per IND AS 7 is		28,33,271	21,07,409

13. Other assets		As at March 31, 2024	As at March 31, 2023
Particulars			
<u>Unsecured, Considered good</u>			
(a) Prepaid expenses		37,551	28,694
(b) Unbilled Revenue		86,018	18,323
(c) Other Assets		26,753	75,731
(d) Receivable from Related Parties		4,88,131	5,79,720
<b>Total</b>		<b>6,38,453</b>	<b>7,02,468</b>

14. Equity share capital

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Authorized capital</b> 100,000 equity shares of Euro 1 each	1,00,000	1,00,000
<b>Issued, Subscribed and paid up</b> 100,000 equity shares of Euro 1 each fully paid up	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

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

Particulars	Opening Balance	Fresh issue*	Closing Balance
<u>As at March 31, 2023</u>			
No. of shares	1,00,000	-	1,00,000
Amount	1,00,000	-	1,00,000
<u>As at March 31, 2024</u>			
No. of shares	1,00,000	-	1,00,000
Amount	1,00,000	-	1,00,000

(ii) Rights, Preferences and Restrictions attached to shares:

The company has one class of equity shares having par value of Euro 1 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Equity shares held by the holding company, their subsidiaries and associates:

Name of Shareholders	As at March 31, 2024		As at March 31, 2023	
	Number of shares held	Amount	Number of shares held	Amount
<u>Equity shares with voting rights</u>				
Multinational Textile Group Limited ( MTGL )	55,000	55,000	55,000	55,000

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

Name of Shareholders	As at March 31, 2024		As at March 31, 2023	
	Number of shares held	%	Number of shares held	%
<u>Equity shares with voting rights</u>				
Multinational Textile Group Limited ( MTGL )	55,000	55%	55,000	55%
Design POD	45,000	45%	45,000	45%

15. Other equity

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings [Refer Note (i) below]	2,15,563	(1,37,936)
Stock options outstanding [Refer Note (ii) below]	1,90,206	1,42,023
<b>Total</b>	<b>4,05,769</b>	<b>4,088</b>

Notes:

(i) Movement in retained earnings is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Balance at the beginning of the year</b>		
Profit/(loss) for the year	(1,37,936)	(3,53,653)
Other comprehensive income/(loss) for the year	3,53,499	2,04,475
<b>Balance at the end of the year</b>	<b>2,15,563</b>	<b>(1,37,936)</b>

Note: For details, refer " the statement of change in equity "

(ii) Movement in stock options outstanding is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Balance at the beginning of the year</b>		
Stock Option Outstanding for the year	1,42,023	41,502
<b>Balance at the end of the year</b>	<b>1,90,206</b>	<b>1,42,023</b>

16. Provisions		Current	
Particulars		As at March 31, 2024	As at March 31, 2023
(a) Other provisions			
Provisions for corporate income tax		4,16,208	2,06,576
<b>Total</b>		<b>4,16,208</b>	<b>2,06,576</b>

17. Lease liabilities		Non-current		Current	
Particulars		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
At amortised cost					
Payables on property, plant and equipment		1,96,384	3,57,977	1,61,593	1,86,819
<b>Total</b>		<b>1,96,384</b>	<b>3,57,977</b>	<b>1,61,593</b>	<b>1,86,819</b>

18. Other financial liabilities		Current	
Particulars		As at March 31, 2024	As at March 31, 2023
Dues to employees		-	491
<b>Total</b>		<b>-</b>	<b>491</b>

19. Trade payables		As at March 31, 2024	As at March 31, 2023
Particulars			
Trade payables		89,39,517	25,26,185
Payables to Related Party		91,38,074	85,29,104
<b>Total</b>		<b>1,80,77,591</b>	<b>1,10,55,289</b>

Notes:  
(a) In terms of notification no. G.S.R 719(E) dated September 4, 2015 issued by the Central Government of India, the disclosure of payments due to any supplier as at March 31, 2024 are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Balance of Trade payables as at the end of the year</b>		
- Principal amount due to Micro, Small and Medium Enterprises	-	-
- Principal amount due to Others	1,80,77,591	1,10,55,289
	<b>1,80,77,591</b>	<b>1,10,55,289</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Trade Payable ageing as on March 31, 2024:					
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-
Others	1,80,77,591	-	-	-	1,80,77,591
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

Trade Payable ageing as on March 31, 2023:					
Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-
Others	1,10,38,280	7,604	1,467	7,938	1,10,55,289
Disputed Dues-MSME	-	-	-	-	-
Disputed Dues-Others	-	-	-	-	-

20. Other liabilities		Current	
Particulars		As at March 31, 2024	As at March 31, 2023
(a) Deferred Income		-	6,279
(b) Other payable		5,19,479	4,59,510
(c) Statutory remittances (contributions to PF, GST and Withholding taxes) and Stale Cheques		42,606	45,346
<b>Total</b>		<b>5,62,085</b>	<b>5,11,135</b>

21. Revenue from Operations

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Sale of products	8,21,94,968	5,16,88,047
Sale of services	46,57,901	11,88,337
<b>Total</b>	<b>8,68,52,869</b>	<b>5,28,76,385</b>

(i) Revenue information

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

Particulars	Timing of revenue recognition	Year ended on March 31, 2024	Year ended on March 31, 2023
Sale of products	At point in time	8,21,94,968	5,16,88,047
Sale of services	At point in time	46,57,901	11,88,337
<b>Total</b>		<b>8,68,52,869</b>	<b>5,28,76,385</b>

(ii) Contract balances

Assets and liabilities related to contracts with customers:

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables	1,34,73,496	68,51,247

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

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

22. Other income

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
(a) Miscellaneous Income including sale of scrap	15,15,512	8,51,533
(b) Gain on Investments	90,844	-
<b>Total</b>	<b>16,06,356</b>	<b>8,51,533</b>

23. Cost of Goods Sold

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Cost of Goods Sold	7,12,80,593	4,40,78,334
<b>Total</b>	<b>7,12,80,593</b>	<b>4,40,78,334</b>

24. Employee benefit expense

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Salaries, allowances and other benefits	32,11,355	20,59,458
Contribution to provident and other funds	3,70,308	3,13,505
Staff welfare expenses	18,321	12,342
<b>Total</b>	<b>35,99,984</b>	<b>23,85,305</b>

25. Depreciation and amortisation expense

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Depreciation of property, plant and equipment	2,26,194	2,43,213
Amortisation of intangible assets	-	359
<b>Total</b>	<b>2,26,194</b>	<b>2,43,572</b>

26. Finance Cost

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Interest on financial liabilities related to ROU assets	9,186	12,925
Other Finance Cost	76,780	68,791
<b>Total</b>	<b>85,966</b>	<b>81,716</b>

27. Other expenses

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Auditors' Remuneration [Refer Note (i) below]	42,925	30,750
Bank Charges	2,30,092	1,49,220
Communication expenses	38,478	24,122
Courier Charges	87,835	60,188
Electricity charges	8,984	1,648
Insurance	32,316	58,652
Legal and professional fees	2,44,593	4,22,500
Loss on foreign exchange transactions and translations (Net)	17,820	6,65,012
Printing and stationery	4,172	1,385
Rates and taxes	4,91,267	2,31,355
Recruitment expenses	70,848	71,954
Rent	1,05,076	7,499
Repairs and maintenance- Others	26,247	15,364
Sampling Expenses	15,757	25,199
Service Expense	99,87,021	45,53,817
Sundry Expenses	9,05,348	1,38,878
Travelling and conveyance	2,27,677	2,16,839
<b>Total</b>	<b>1,25,36,455</b>	<b>66,74,382</b>

Notes:

(i) Auditors' remuneration:		
For statutory audit	42,925	22,250
Other Tax Matters	-	8,500
<b>Total</b>	<b>42,925</b>	<b>30,750</b>

28. Earnings per share

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Profit/(Loss) attributable to equity holders	3,53,499	2,04,475
Weighted average number of equity shares outstanding during the year	1,00,000	1,00,000
Basic earnings per share (Euro)	3.53	2.04
Diluted earnings per share (Euro)	3.53	2.04
Face value per share (Euro)	1	1

29. Income Tax

The major components of income tax expense for the years ended March 31, 2024 and March 31, 2023 are:

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
(a) Current Tax	3,12,982	94,183
(b) Deferred tax charge/(credit)	63,552	(28,943)
<b>Total</b>	<b>3,76,534</b>	<b>65,240</b>

30. Capital management

The Company's objective for managing capital is to ensure:

- ability to continue as a going concern, so that the Company can continue to provide returns to shareholders and benefits for other stakeholders, and
- maintain optimal capital structure to reduce the cost of capital.

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

Particular	Year ended on March 31, 2024	Year ended on March 31, 2023
Borrowings	-	-
Less: Cash and Cash Equivalents	(28,33,271)	(21,07,409)
Less: Bank balances other than cash and cash equivalents	-	-
<b>Total</b>	<b>(28,33,271)</b>	<b>(21,07,409)</b>
Adjusted net debt (A)		
Equity share capital (refer note 14 )	1,00,000	1,00,000
Other equity (refer note 15)	4,05,769	4,088
<b>Total capital (B)</b>	<b>5,05,769</b>	<b>1,04,088</b>
Capital and net debt (A+B)=(C)	(23,27,503)	(20,03,321)
Gearing ratio (D = C / A)	82.15%	95.06%

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

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

### 31 Related Party Disclosures

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

#### (a) Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	PDS Limited (formerly PDS Multinational Fashions Limited)
Holding Company	Multinational Textile Group Limited ( MTGL )
Fellow subsidiaries	Techno Design HK Limited S.O.T. Garments India Private Limited Technocian Fashions Private Limited Simple Approach Ltd Spring Near East Manufacturing Co. Ltd. Spring Near East FZCO Progressive Crusade Unipessoal LDA Green Smart Shirts Limited Techno (Shanghai) Trading Co. Ltd. Techno Sourcing BD Limited Techno Sourcing Di Ticaret Anonim Sirketi
Key Management Personnel	Rajive Ranjan Pallak Seth

#### (b) Details of related party transactions during the year ended March 31, 2024 and outstanding balance as at March 31, 2024:

Particulars	Relationship	Year ended on March 31, 2024	Year ended on March 31, 2023
<b>Service expense</b>			
Technocian Fashions Private Limited	Fellow subsidiaries	20,95,237	23,66,445
S.O.T. Garments India Private Limited	Fellow subsidiaries	2,75,923	7,43,535
Techno Design HK Limited	Fellow subsidiaries	45,29,808	11,27,722
Progressive Crusade Unipessoal LDA	Fellow subsidiaries	3,709	-
Spring Near East Manufacturing Co. Ltd.	Fellow subsidiaries	1,65,347	1,56,098
Techno (Shanghai) Trading Co. Ltd.	Fellow subsidiaries	8,21,607	-
Techno Sourcing BD Limited	Fellow subsidiaries	9,06,221	-
Techno Sourcing Di Ticaret Anonim Sirketi	Fellow subsidiaries	10,16,923	-
Green Smart Shirts Limited	Fellow subsidiaries	18,547	-
Simple Approach Ltd	Fellow subsidiaries	-	(1,450)
<b>Other expense</b>			
Techno Design HK Limited	Fellow subsidiaries	3,14,854	-
<b>C. Balance outstanding at the end of the year</b>			
Trade payables			
S.O.T. Garments India Private Limited	Fellow subsidiaries	4,69,975	3,24,387
Techno (Shanghai) Trading Co. Ltd.	Fellow subsidiaries	1,50,296	-
Techno Sourcing BD Limited	Fellow subsidiaries	2,62,815	-
Techno Sourcing Di Ticaret Anonim Sirketi	Fellow subsidiaries	83,750	-
Techno Design HK Limited	Fellow subsidiaries	81,69,737	81,45,751
Spring Near East Manufacturing Co. Ltd.	Fellow subsidiaries	-	53,346
Progressive Crusade Unipessoal LDA	Fellow subsidiaries	1,500	-
Simple Approach Ltd	Fellow subsidiaries	-	5,620
Receivable from Related Parties			
Technocian Fashions Private Limited	Fellow subsidiaries	4,88,131	5,79,720

### 32. Fair value disclosure

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

#### a) Fair value of financial assets:

Particular	Carrying values		Fair values	
	As at March 31, 2024	Year ended on March 31, 2023	As at March 31, 2024	Year ended on March 31, 2023
<b>Financial assets measured at amortised cost</b>				
Trade receivables	1,34,73,496	68,51,247	1,34,73,496	68,51,247
Cash and cash equivalents	28,33,271	21,07,409	28,33,271	21,07,409
<b>Total (A)</b>	<b>1,63,06,767</b>	<b>89,58,656</b>	<b>1,63,06,767</b>	<b>89,58,656</b>
<b>Financial assets measured at FVOCI</b>				
Investments	3,01,108	63,395	3,01,108	63,395
<b>Total (B)</b>	<b>3,01,108</b>	<b>63,395</b>	<b>3,01,108</b>	<b>63,395</b>
<b>Total (A+B)</b>	<b>1,66,07,875</b>	<b>90,22,051</b>	<b>1,66,07,875</b>	<b>90,22,051</b>

#### b) Fair value of financial liabilities:

<b>Financial liabilities measured at amortised cost</b>				
Trade payables	1,80,77,591	1,10,55,289	1,80,77,591	1,10,55,289
Dues to related party	-	491	-	491
<b>Total</b>	<b>1,80,77,591</b>	<b>1,10,55,780</b>	<b>1,80,77,591</b>	<b>1,10,55,780</b>

**Techno Design GmbH**  
Notes forming part of the financial statements

**33. Leases**

- (i) The Company has adopted Ind AS 116 "Leases" effective April 1, 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019.

The Company also has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

- (ii) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Short-term leases	1,05,076	7,499
<b>Total</b>	<b>1,05,076</b>	<b>7,499</b>

- (iii) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
<b>Opening balance</b>	5,39,164	7,29,680
Right of Use Asset recognised during the year	-	-
Amortisation expense	1,86,453	1,90,516
<b>Closing balance</b>	<b>3,52,711</b>	<b>5,39,164</b>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
<b>Opening balance</b>	5,44,796	7,32,043
Lease liability recognised during the period	-	-
Interest expense on lease liabilities	9,186	12,925
Payment of lease liabilities	(1,96,005)	(2,00,171)
<b>Closing balance</b>	<b>3,57,977</b>	<b>5,44,796</b>

Note: The right of use asset and lease liability has been created for office premises.

- (iv) Maturity analysis of lease liabilities:

Particulars	Lease payments	Interest expense	Net Present Values
Not later than 1 year	1,61,593	5,712	1,55,881
Later than 1 year not later than 5 years	1,96,384	2,629	1,93,755
Later than 5 years	-	-	-
	<b>3,57,977</b>	<b>8,341</b>	<b>3,49,636</b>

- (v) Amounts recognised in profit or loss

Particulars	Year ended on March 31, 2024	Year ended on March 31, 2023
Rent expense relating to short-term leases	1,05,076	7,499
Interest expense on lease liabilities	9,186	12,925
Depreciation expense of right-of-use assets	1,86,453	1,90,516
<b>Total</b>	<b>3,00,715</b>	<b>2,10,939</b>

Notes :

- Accounting treatment for Leases is not done in the books according to German GAAP but it has been accounted while preparing the books as per IND AS for the purpose of Consolidation .
- Security Deposit given for leases is recognised in the current period as per IND AS adjustment which have not been considered in as per German GAAP.

**34. Commitments and Contingencies**

The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable.

35. Additional Regulatory Information

Ratio Analysis

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variation	Reason for Variation
Current Ratio (in times)	Total current assets	Total current Liabilities	1.00	0.97	2%	-
Return on Equity Ratio (in times)	Profit for the year less Preference dividend (if any)	Average Total Equity	1.16	(3.99)	-129%	Significant increase in profit during the year.
Inventory turnover ratio (in times)	Cost of good sold	Average inventory	46.41	38.62	20%	-
Trade Receivables turnover ratio (in times)	Revenue from operations	Average trade receivables	8.55	8.72	-2%	-
Net capital turnover ratio (in times)	Revenue from operations	Working capital (i.e. Total current assets less Total current liabilities)	(4,766.87)	(174.78)	2627%	Due to significant increase in revenue during the year.
Net profit ratio (in %)	Profit for the year	Revenue from operations	0.41%	0.41%	0%	-
Return on Capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Deferred tax liabilities	1.61	3.33	-52%	Significant increase in profit during the year.

36. No material events have occurred between the balance sheet date to the date of issue of these standalone financial statements that could affect the values stated in the standalone financial statements as at March 31, 2024.

37. The previous year's figure have been regrouped/rearranged wherever necessary, to make them comparable to those of the current year.

38. **Approval of financial statements**

The financial statements were approved for issue by the board of directors on April 26, 2024.

See accompanying notes forming part of the financial statements  
In terms of our report attached.

For PRASHANT SHAH & CO  
Chartered Accountants  
Firm Registration Number : 146854W

Prashant Shah  
Proprietor  
Membership Number : 303286

Mumbai  
April 26, 2024



For and on behalf of the Board of Directors of  
Techno Design GmbH

Rajive Ranjan

Rajive Ranjan  
Director

Pallak Seth

Pallak Seth  
Director

**PDS FASHION USA LIMITED**  
**DIRECTOR'S REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2024**

---

The directors present their annual report and the audited financial statements for the year ended 31 March 2024.

**PRINCIPAL ACTIVITY**

The principal activity of the Company during the year ended March 31, 2024, was trading in garments.

**RESULTS**

The financial performance of the Company for the year ended March 31, 2024, and its financial position as at that date are set out in the financial statements on pages 6 to 12.

**DIRECTORS**

The directors of the Company during the financial year and up to the date of this report were:

Abhishek Kanoi	
Mayank Vimal Agarwal	(resigned on July 26, 2023)
Rahul Khettry	(appointed on July 26, 2023)

In accordance with the Company's articles of association, all directors retire by rotation and, being eligible, offer themselves for re-election.

**PERMITTED INDEMNITY PROVISION**

At no time during the financial year were there any permitted indemnity provision in force for the benefit of one or more directors of the Company.

**BUSINESS REVIEW**

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

**DIRECTOR'S INTERESTS**

At no time during the financial year or at the end of the financial year was the Company, or any of its holding company or fellow subsidiaries a party to any arrangements 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.

The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries were a party during the year.

**PDS FASHION USA LIMITED**  
**DIRECTOR'S REPORT (contd.)**

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**MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

**AUDITORS**

Falcon Certified Public Accountants Limited were appointed as auditors of the Company. The financial statements have been audited by Falcon Certified Public Accountants Limited, who retire and being eligible, offer themselves for re-appointment.

**APPROVAL OF DIRECTOR'S REPORT**

The report was approved by directors on May 13, 2024

On behalf of the Board



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Abhishek Kanoi  
Director  
Hong Kong, May 13, 2024

**PDS FASHION USA LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
Revenue	4	11,577,965	-
Cost of sales		(10,209,737)	-
		<hr/>	<hr/>
Gross profit		1,368,228	-
Other Income	4	447,365	1,882,245
Distribution and selling expenses		(62,070)	(558)
Administrative expenses		(1,056,882)	(2,002,618)
Finance cost		(18,968)	
		<hr/>	<hr/>
Profit / (Loss) before tax	5	677,673	(120,931)
Income Tax Expense	7	-	-
		<hr/>	<hr/>
Profit / (Loss) for the year		<b>677,673</b>	<b>(120,931)</b>
		<hr/>	<hr/>

*The accounting policies and explanatory notes on pages 8 to 12 form part of these financial statements.*

**PDS FASHION USA LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	<u>Notes</u>	<b><u>2024</u></b> <b>HK\$</b>	<b><u>2023</u></b> <b>HK\$</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment	9	120,394	5,969
		<u>120,394</u>	<u>5,969</u>
<b>Current assets</b>			
Amount due from immediate holding company		-	106,251
Amount due from fellow subsidiaries	8	933,405	3,703,654
Trade receivables		9,738,217	-
Other receivables		713,939	-
Cash and cash equivalents		2,401,957	849,155
		<u>13,787,518</u>	<u>4,659,060</u>
<b>TOTAL ASSETS</b>		<b><u>13,907,912</u></b>	<b><u>4,665,029</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	10	3,199,800	3,199,800
Retained earnings	11	(2,290,671)	(2,968,343)
Total equity / (deficiency)		<u>909,129</u>	<u>231,457</u>
<b>Non-current liabilities</b>			
Gratuity payable		967,137	-
		<u>967,137</u>	<u>-</u>
<b>Current liabilities</b>			
Amount due to fellow subsidiaries	8	2,017,221	3,165,777
Trade payables		8,941,890	-
Accrual and other payables		1,072,535	1,267,795
Total liabilities		<u>12,031,646</u>	<u>4,433,572</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>13,907,912</u></b>	<b><u>4,665,029</u></b>

*The accounting policies and explanatory notes on pages 8 to 12 form part of these financial statements.*

Approved by the Board of Directors on May 13, 2024, and are signed on its behalf by:



Abhishek Kanoi  
Director

Rahul Khettry  
Director

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PDS FASHION USA LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

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**Opinion**

We have audited the financial statements of PDS FASHION USA LIMITED ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at March 31, 2024, and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes to the financial statements.

In our opinion, the financial statements of the Company for the year ended March 31, 2024, are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standards ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (revised) "Audit of Financial Statements Prepared in accordance with Small and Medium-sized Entity Financial Reporting Standards" 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 reports of the directors but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS FASHION USA (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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**Responsibilities of directors and those charged with governance for the financial statements.**

The directors are responsible for the preparation of the financial statements in accordance with SME-FRS 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.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap.622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS FASHION USA LIMITED (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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**Falcon Certified Public Accountants Limited**  
*Certified Public Accountants*  
Hong Kong

Gilbert Loke  
Practicing Certificate Number: P40176

Date: May 13, 2024

# **PDS SMART FABRIC TECH LIMITED**

(Incorporated in Hong Kong with limited liability)

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## **REPORT OF THE DIRECTORS**

**AND**

## **AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2024**

**FALCON**

Certified Public Accountants

輝勤會計師事務所

# **PDS SMART FABRIC TECH LIMITED**

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**PDS SMART FARIC TECH LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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The directors present their annual report and the audited financial statements for the year ended 31 March 2024.

**PRINCIPAL ACTIVITY**

The principal activity of the Company during the year ended March 31, 2024, was trading in garments.

**RESULTS**

The Company's profits for the period ended March 31, 2024, and its financial position as at that date are set out in the financial statements on pages 6 to 12.

**DIRECTORS**

The directors of the Company during the financial year and up to the date of this report were:

Abhishekh Kanoi	
Mayank Vimal Agarwal	(resigned on July 26, 2023)
Rahul Khettry	(appointed on July 26, 2023)
Mohandas Thekkeyil	(appointed on November 22, 2023)
Roland Thomas Seregi	(appointed on November 22, 2023)

In accordance with the Company's articles of association, all directors retire by rotation and being eligible, offer themselves for re-election.

**PERMITTED INDEMNITY PROVISION**

At no time during the financial year were there any permitted indemnity provisions in force for the benefit of one or more directors of the Company.

**BUSINESS REVIEW**

No business review is presented as the Company has been able to claim an exemption under section 388(3) of the Hong Kong Companies Ordinance (Cap. 622) since it falls under the "reporting exemption" in accordance with section 359, as at the reporting date.

**DIRECTOR'S INTERESTS**

At no time during the financial year or at the end of the financial year was the Company, or any of its holding company or fellow subsidiaries a party to any arrangements 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.

The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries were a party during the year.

**PDS SMART FABRIC TECH LIMITED**  
**DIRECTOR'S REPORT (contd.)**

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**MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

**AUDITORS**

Falcon Certified Public Accountants Limited were appointed as auditors of the Company. The financial statements have been audited by Falcon Certified Public Accountants Limited, who retire and, being eligible, offer themselves for re-appointment.

**APPROVAL OF DIRECTOR'S REPORT**

The report was approved by directors on May 14, 2024

On behalf of the Board



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Abhishek Kanoi  
Director  
Hong Kong, May 14, 2024

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS SMART FABRIC TECH LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

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**Opinion**

We have audited the financial statements of PDS SMART FABRIC TECH LIMITED ("the Company") set out on pages 6 to 12, which comprise the statement of financial position as at March 31, 2024, and the income statement for the year ended 31<sup>st</sup> March 2024, and a summary of significant accounting policies and other explanatory notes to the financial statements.

In our opinion, the financial statements of the Company for the year ended March 31, 2024, are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-Sized Entity Financial Reporting Standards ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (revised) "Audit of Financial Statements Prepared in accordance with Small and Medium-sized Entity Financial Reporting Standards" 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 reports of the directors but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed 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.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS SMART FABRIC TECH LIMITED (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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**Responsibilities of directors and those charged with governance for the financial statements.**

The directors are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by 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.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body corporate, in accordance with section 405 of the Hong Kong Companies Ordinance (Cap. 622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's 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 HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS SMART FABRIC TECH LIMITED (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, 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.



**Falcon Certified Public Accountants Limited**  
*Certified Public Accountants*  
Hong Kong

Gilbert Loke  
Practicing Certificate Number: P40176

Date: May 14, 2024

**PDS SMART FABRIC TECH LIMITED**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
Revenue	4	8,186	5,762
Cost of sales		(1,773)	(111,604)
Gross profit		6,413	(105,842)
Other Income	4	267	1,765
Reversal on other payables and accruals		-	356,787
Distribution and selling expenses		(790,452)	(25,023)
Administrative expenses		(643,334)	(347,295)
Other operating expenses		(166,281)	(41,085)
Profit / (Loss) before taxation	5	(1,593,387)	(160,693)
Income Tax Expense	6	-	-
Profit / (Loss) for the year		<b>(1,593,387)</b>	<b>(160,693)</b>

*The accounting policies and explanatory notes on pages 8 to 12 form part of these financial statements.*

**PDS SMART FABRIC TECH LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**


	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
IT equipment	9	<u>839</u>	<u>5,866</u>
<b>Current assets</b>			
Amount due from fellow subsidiaries	8	956,056	4,070,542
Inventories		1,490,379	213,622
Trade receivables	10	4,155	4,155
Other receivables	11	514,649	8,714
Cash and cash equivalents		61,501	218,751
		<u>3,026,740</u>	<u>4,515,784</u>
<b>Current liabilities</b>			
Accruals and other payables	12	246,921	147,605
		<u>246,921</u>	<u>147,605</u>
<b>Net current assets</b>		<u>2,779,819</u>	<u>4,368,179</u>
<b>NET ASSETS / (LIABILITIES)</b>		<u>2,780,658</u>	<u>4,374,045</u>
<b>Equity / (Deficit)</b>			
Share capital	13	2,000,000	2,000,000
Retained earnings	14	780,658	2,374,045
<b>TOTAL EQUITY / (DEFICIT)</b>		<u>2,780,658</u>	<u>4,374,045</u>

*The accounting policies and explanatory notes on pages 8 to 12 form part of these financial statements.*

Approved by the Board of Directors on May 14, 2024, and are signed on its behalf by:

Approved by:

  
 Mohandas Thekkeyil  
 Director

  
 Abhishek Kanoi  
 Director

**PDS SMART FABRIC TECH LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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**1. General information**

PDS SMART FABRIC TECH LTD. ("the Company") is a company incorporated in Hong Kong with limited liability. The company's registered office is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

The principal activity of the Company during the year was trading in garments.

The directors consider that the ultimate holding company and immediate holding company are PDS Limited and PDS Sourcing Ltd. respectively. The ultimate holding company is incorporated in India and the immediate holding company is incorporated in Mauritius. The ultimate holding company's shares are listed on the Bombay Stock Exchange and National Stock Exchange in India.

**2. Basis of preparation and principal accounting policies**

The Company qualifies for the reporting exemption as a small private company under section 359(1)(a) of the Hong Kong Companies Ordinance (Cap.622). The Company is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standards ["SME-FRSs"] issued by the Hong Kong Institute of Certified Public Accountants ["HKICPA"].

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Company is a going concern. The measurement base adopted is historical cost convention.

**3. Principal Accounting Policies**

**a. Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably, on the following basis.

- Interest income is recognised on a time proportionate basis taking into account the principal outstanding and the interest applicable.

**b. Income tax**

Income tax expenses represents current tax expense. The income tax payable / (recoverable) represents the amount expected to be paid to / (refunded from) the taxation authority, using the tax rates (and tax laws) have been enacted or substantively enacted at the reporting date.

Deferred tax is not provided.

**c. Inventories**

Inventories comprised garments, apparels, and related accessories and equipment and are stated at lower of cost and net realisable value, after making due allowance for any obsolete or slow-moving items.

**d. Cash and cash equivalents.**

Cash and cash equivalents comprise cash on hand, demand deposits held at call with banks, and short term highly liquid investments with 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.

**PDS SMART FABRIC TECH LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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**3 Principal Accounting Policies (contd.)**

**e. Translation of foreign currency**

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are prepared in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**f. 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 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 the employees of either; the Company or an entity related to the Company.
  - (vi) the entity is controlled or jointly controlled by a pension 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.

**PDS SMART FABRIC TECH LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**3 Principal Accounting Policies (contd.)**

Close members of the family of a person are those family members who may be expected to influence, or to be influenced by, that person in their dealings with the entity and include:

- a. that person's children and spouse or domestic partner.
- b. children of that person's spouse or domestic partner; and
- c. dependants of that person or that person's spouse or domestic partner.

**4. Revenue, other income and gains**

Revenue, other income and gains recognised during the year are as follows:	<u>2024</u> HK\$	<u>2023</u> HK\$
Revenue	8,186	5,762
<u>Other income and gains:</u>		
Bank interest income	267	35
Sundry income		1,730
	<u>267</u>	<u>1,765</u>
	<u>8,453</u>	<u>7,527</u>

**5. Profit / (Loss) before taxation.**

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

	<u>2024</u>	<u>2023</u>
<u>Charging:</u>	HK\$	HK\$
Auditor's remuneration	6,250	25,000
Exchange loss / (gain), net	166,281	41,085
	<u>                    </u>	<u>                    </u>

**6. Income tax expense**

No provision for Hong Kong Profits Tax has been made in the financial statement as the Company's revenue neither arises in nor is derived from Hong Kong. (2023: Nil).

**7. Director's remuneration**

No fees or other emoluments were paid or payable to the directors during the year. (2023: Nil)

**8. Amount due from fellow subsidiaries.**

The amount due from fellow subsidiaries is unsecured, interest-free and repayable on demand.

**PDS SMART FABRIC TECH LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

**9. Plant and equipment**

<u>IT equipment</u>	<u>HK\$</u>
<u>Cost</u>	
As at 1 April 2023	15,082
Additions	-
As at 31 March 2024	15,082
<u>Accumulated depreciation</u>	
As at 1 April 2023	9,216
Charge of the year	5,027
As at 31 March 2024	14,243
<u>Net book value</u>	
As at 31 March 2024	839
As at 31 March 2023	5,866

**10. Trade receivables**

	<u>2024</u>	<u>2023</u>
	<u>HK\$</u>	<u>HK\$</u>
Trade receivables	4,155	4,155

**11. Other receivables**

	<u>2024</u>	<u>2023</u>
	<u>HK\$</u>	<u>HK\$</u>
Other receivables	9,767	4,155
Deposits	8,714	
Miscellaneous	496,168	
	514,649	4,155

**12. Other payables & accruals**

	<u>2024</u>	<u>2023</u>
	<u>HK\$</u>	<u>HK\$</u>
Accruals	47,250	25,000
Other payables	199,671	122,605
	246,921	147,605

**PDS SMART FABRIC TECH LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

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**13. Share Capital**

	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
Issued and fully paid:		
2,000,000 ordinary shares	2,000,000	2,000,000

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**14. Changes in equity**

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	HK\$	HK\$	HK\$
At April 1, 2023	2,000,000	2,374,045	4,374,045
Loss of the year		(1,593,387)	(1,593,387)
At March 31, 2024	2,000,000	780,658	2,780,658

**15. Approval of the Financial Statements**

The financial statements were approved and authorised for issue by the board of directors on 14 May 2024.

**PDS SMART FABRIC TECH LIMITED**

	<b>Schedule</b>
PROFITS TAX COMPUTATION	1
DETAILED INCOME STATEMENT (FOR MANAGEMENT INFORMATION ONLY)	2

**PDS SMART FABRIC TECH LIMITED**

**PROFITS TAX COMPUTATION**

**YEAR OF ASSESSMENT: 2023/24**

**Sch 1**

**HK\$**

Basis period: 1/4/2023 – 31/3/2024

Loss per audited financial statements

1,593,387

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The loss is not claimed for profits tax purposes as the Company did not conduct any business in Hong Kong.

# PDS SMART FABRIC TECH LIMITED

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2024 (FOR MANAGEMENT INFORMATION ONLY)

Sch 2

	<u>2024</u> HK\$	<u>2023</u> HK\$
Revenue	8,186	5,762
Cost of sales	(1,773)	(111,604)
<b>Gross profit</b>	<b>6,413</b>	<b>(105,842)</b>
<b>Other Income</b>	<b>267</b>	<b>1,765</b>
Bank interest income	267	35
Sundry income		1,730
<b>Reversal on other payables and accruals</b>		<b>356,787</b>
<b>Distribution and selling expenses</b>	<b>(790,452)</b>	<b>25,023</b>
Commission expenses	(152,495)	(3,501)
Handling and transportation charges	(149,345)	(21,522)
Marketing fees	(488,612)	
<b>Administrative expenses</b>	<b>(809,615)</b>	<b>(388,380)</b>
Accountancy expenses	9,492	
Administrative expense recharges		(935)
Auditor's remuneration	(6,250)	(25,000)
Bank charges	(15,802)	(15,065)
Consultancy fees	(140,300)	
Courier charges		(5,990)
Depreciation expenses	(5,027)	(5,027)
Exchange loss	(166,281)	(41,085)
Internet, and email charges	(2,359)	(721)
IT Consultancy	(4,217)	
Legal and professional fee	(190,434)	(93,625)
Rent		(11,410)
Research expenses		(4,474)
Sample expenses	(1,779)	(1,575)
Software expense		(2,195)
Staff / Consultant salary	(252,072)	(149,843)
Quality control fees		(26,148)
Sundry expenses		(1,700)
Travelling	(31,553)	
Website subscription	(3,033)	(3,587)
<b>Profit / (loss) before tax</b>	<b>(1,593,387)</b>	<b>(160,693)</b>

**PDS SMART FABRIC TECH LIMITED**  
**AUDIT ADJUSTMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Dr.	Cr.	Effect on income statement
	HK\$	HK\$	HK\$
<b>Profit / (loss) as per management accounts</b>			<b>(1,593,387)</b>
Handling income	148		(148)
Sale		148	148
Being reallocation of accounts			
Amount due from fellow subsidiary	956,056		
Payable - Group		956,056	
(Being reallocation of accounts)			
Expenses payable	16,000		
Other payables		16,000	
(Being reallocation of accounts)			
<b>Profit and loss as per audited financial statements</b>			<b>(1,593,387)</b>

# **PDS VENTURES LIMITED**

(Incorporated in Hong Kong with limited liability)

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## **REPORT OF DIRECTORS**

**AND**

## **AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

# **PDS VENTURES LIMITED**

## **CONTENTS**

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Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Accounting policies and explanatory notes to the consolidated financial statements	10-29

# **PDS VENTURES LIMITED REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2024.

## **PRINCIPAL ACTIVITY**

The Group was engaged in investment holding during the year ended 31 March 2024.

## **RESULTS AND DIVIDEND**

The results of the Company and its subsidiaries ("the Group") for the year ended 31st March 2024 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors do not recommend payment of a dividend.

## **DIRECTORS**

The directors of the Group during the financial year and up to the date of this report were:

Deepak Kumar Seth  
Pallak Seth  
Abhishek Kanoi

In accordance with the Group's component company's articles of association, directors retire by rotation and being eligible, offer themselves for re-election.

## **PERMITTED INDEMNITY PROVISION**

At no time during the financial year and up to the date of this director's report, were there any permitted indemnity provision in force for the benefit of one or more directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

## **DIRECTOR'S INTERESTS**

At no time during the financial year or at the end of the financial year was the Company, its parent company or fellow subsidiaries a party to any arrangements 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.

The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries were a party during the year.

**PDS VENTURES LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2024 (contd.)**

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**MANAGEMENT CONTRACTS**

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

**AUDITOR**

The financial statements have been audited by Falcon Certified Public Accountants Limited, who retire and being eligible, offer themselves for re-appointment.

**APPROVAL OF DIRECTOR'S REPORT**

The report was approved by the Board of Directors on 13 May 2024.

On behalf of the Board

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Abhishek Kanoi  
Director  
Hong Kong

Date: 13 May 2024

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PDS VENTURES LIMITED**

*(Incorporated in Hong Kong with limited liability)*

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## **Opinion**

We have audited the consolidated financial statements of PDS VENTURES LIMITED ("the Company") and its subsidiaries (together the "Group") set out on pages 6 to 29, which comprise the consolidated statement of financial position as at 31<sup>st</sup> March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31<sup>st</sup> March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 reports of the directors but does not include the consolidated financial statements and 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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 directors for the consolidated financial statements**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PDS VENTURES LIMITED (continued)**

*(Incorporated in Hong Kong with limited liability)*

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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. 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 HKSA's, 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PDS VENTURES LIMITED (continued)**

*(Incorporated in Hong Kong with limited liability)*

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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.

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**Falcon Certified Public Accountants Limited**

*Certified Public Accountants*

Hong Kong

Gilbert Loke

Practicing Certificate Number: P40176

Date: 13 May 2024

**PDS VENTURES LIMITED****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2024**

	<u>Notes</u>	<b>2024 HK\$</b>	<b>2023 HK\$</b>
Revenue		1,551,929	-
Cost of sales		(160,470)	
Gross Profit		1,391,459	-
Other income	6	27,309	(642,176)
Distribution costs and selling expenses		(571,451)	
Administrative expenses		(16,126,578)	(4,286,493)
Finance costs		(684,121)	
Profit before tax		(15,963,382)	(4,928,669)
Share of loss of a Joint Venture			(236,837)
Share of loss of an Associate		(331,640)	(256,663)
Changes in fair value of financial assets as Fair Value through profit or loss		(1,499,127)	(3,711,481)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	7	(17,794,149)	(9,133,651)
INCOME TAX EXPENSE	8		-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		(17,794,149)	(9,133,651)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:			
Changes in fair value of financial assets at fair value through other comprehensive income		33,210,643	9,613,620
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<b>15,416,494</b>	<b>479,970</b>
Profit / (loss) attributable to :			
Owners of the parent		(14,275,525)	(9,290,251)
Non-controlling interest		(3,518,624)	156,600
		<b>(17,794,149)</b>	<b>(9,133,651)</b>
Total comprehensive income / (loss) attributed to:			
Owners of the parent		(2,675,919)	(5,265,239)
Non-controlling interest		18,092,413	5,745,206
		<b>15,416,494</b>	<b>479,968</b>

*The accounting policies and explanatory notes on pages 10 to 29 form part of these financial statements.*

**PDS VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Goodwill		5,357,879	5,357,879
Intangible assets – design cost in development		7,259,033	2,423,073
Property, plant, and equipment		2,092,907	2,779,176
Right of use assets		6,954,257	-
Investment in an associate	12	1,195,129	1,526,769
Financial assets at the fair value through other comprehensive income	10a	201,821,432	159,181,252
Financial assets measured at the fair value through profit or loss	10b	53,329,543	44,710,376
		<u>278,010,180</u>	<u>215,978,525</u>
<b>Current assets</b>			
Inventories		24,416	96,843
Trade receivables		318,818	
Prepayments, deposits & other receivables		5,114,267	2,210,427
Cash and cash equivalents		237,458	4,141,828
		<u>5,694,959</u>	<u>6,449,098</u>
<b>TOTAL ASSETS</b>		<b><u>283,705,139</u></b>	<b><u>222,427,623</u></b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity / (Deficiency)</b>			
Share capital	18	177,850,800	177,850,800
Reserves		24,330,105	12,933,085
		202,180,905	190,783,885
Non-Controlling interest		16,660,340	12,598,628
Total equity / (deficiency)		<u>218,841,245</u>	<u>203,382,513</u>
<b>Non Current Liabilities</b>			
Lease Liabilities		6,350,735	
<b>Current Liabilities</b>			
Amount due to a fellow subsidiary	9	56,068,772	18,104,922
Amount due to a related company			440,733
Trade Payables		973,087	
Other payables and accruals		411,204	499,455
Lease liabilities - current		1,060,096	
<b>Total liabilities</b>		<u>64,863,894</u>	<u>19,045,110</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>283,705,139</u></b>	<b><u>222,427,623</u></b>

*The notes on pages 10 to 29 form part of these financial statements.*

Approved by the Board of Directors on 13 May 2024 and are signed on its behalf by:

\_\_\_\_\_  
Abhishek Kanoi  
Director

\_\_\_\_\_  
Pallak Seth  
Director

**PDS VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	Share capital	Fair value reserve of financial assets through other comprehensive income	Accumulated losses	Exchange Reserve	Total	Non- controlling interest (NCI)	Total Equity
	HK\$	HK\$	HK\$		HK\$	HK\$	HK\$
Balance at 1 April 2022	77,800	14,601,292	3,604,154		18,283,246	5,226,246	23,509,492
0.1% Redeemable preference shares	177,773,000				177,773,000		177,773,000
NCI at acquisition						1,631,729	1,631,729
Profit / (Loss) for the year			(9,290,251)		(9,290,251)	156,600	(9,133,651)
Exchange reserve				(7,123)	(7,123)	(4,554)	(11,677)
Other comprehensive income for the year:							
Changes in the fair value of financial assets at fair value through other comprehensive income		4,025,013			4,025,013	5,588,607	9,613,620
Balance at 31 March 2023 and 1 April 2023	177,850,800	18,626,305	(5,686,097)	(7,123)	190,783,885	12,598,628	203,382,513
Profit / (Loss) for the year			(14,275,525)		(14,275,525)	(3,518,624)	(17,794,149)
Exchange reserve				25,765	25,765	16,473	42,238
Other comprehensive income for the year:							
Changes in the fair value of financial assets at fair value through other comprehensive income		25,646,780			25,646,780	7,563,863	33,210,643
<b>Balance at 31 March 2024</b>	<b>177,850,800</b>	<b>44,273,084</b>	<b>(19,961,622)</b>	<b>18,642</b>	<b>202,180,905</b>	<b>16,660,340</b>	<b>218,841,245</b>
<i>The notes on pages 10 to 29 form part of these financial statements.</i>							

**PDS VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR**  
**THE YEAR ENDED 31 MARCH 2024**

	<b><u>2024</u></b> <b><u>(HK\$)</u></b>	<b><u>2023</u></b> <b><u>(HK\$)</u></b>
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Profit / (Loss) before taxation	(17,794,149)	(9,133,651)
Adjustments for:		
Bank interest income	(608)	(295)
Interest	534,208	
Share of loss of a joint venture		236,837
Share of loss of associate	331,640	256,663
Changes in fair value of financial assets at fair value through profit & loss	1,499,127	3,711,481
	(14,220,590)	(4,928,965)
Changes in amount due from a related company	8,325,503	
Changes in trade & other receivables	(2,766,155)	(427,313)
Changes in inventories	(24,416)	
Changes in amount due from a director		58,350
Changes in amount due to immediate holding co.	22,888,763	(134,205,000)
Changes in amount due to a fellow subsidiary	12,560,163	11,827,593
Changes in accruals & payables	(5,947,731)	(22,990)
Changes in exchange reserve	77,515	(4,554)
Net cash generated from operating activities	16,121,399	(127,702,879)
Interest received	608	295
<b>NET CASH FROM OPERATING ACTIVITIES</b>	16,122,007	(127,702,584)
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
Purchase of financial assets at fair value through other comprehensive income	(9,429,451)	(37,875,190)
Purchase of financial assets at fair value through profit or loss	(10,146,303)	(12,816,246)
Acquisition of subsidiary net of cash acquired (Note A)		(157,956)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	(20,106,295)	(50,849,392)
<b><u>NET CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from issue of share capital	-	177,777,300
<b>NET CASH FROM/ (USED IN) FINANCING ACTIVITIES</b>	-	177,777,300
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(3,984,288)	(774,676)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,221,746	902,217
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	237,458	127,541
<b><u>ANALYSIS OF CASH AND CASH EQUIVALENTS</u></b>		
Bank and cash balances	237,458	127,541

*The notes on pages 10 to 29 form part of these financial statements.*

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**1. General information**

PDS VENTURES LIMITED (“the Company”) is a company incorporated in Hong Kong with limited liability. The Company's registered office and its principal place of business is located at 7/F, Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Hong Kong.

The principal activity of the Company was engaged in investment holding.

The financial statements are prepared in Hong Kong dollars, which is also the functional currency of the Company.

As at 31 March 2024, the Company is a subsidiary of PDS Ventures Limited, a company incorporated in Mauritius. In the opinion of the directors of the Company, PDS 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. Basis of preparation and accounting policies**

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards [“HKASs”] and Interpretations issued by the Hong Kong Institute of Certified Public Accountants [“HKICPA”], and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance (Cap 622.). Significant accounting policies adopted by the Company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Company. Note 3 provides information on changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Company for the current and prior accounting periods reflected in these consolidated financial statements.

**3. Application of new and revised Hong Kong Financial Reporting Standards (HKFRS)**

- (a) The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the company.

HKAS 1 & HKFRS Practice Statement 2

HKAS 8 (Amendments)

HKSA 12 (Amendments)

HKFRS 17 (Amendments)

Disclosures of Accounting policies  
Definition of Accounting estimates  
Deferred tax related to assets and liabilities arising from single transaction

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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**3 Application of new and revised Hong Kong Financial Reporting Standards (HKFRS) (contd.)**

**(b) New and amended standards issued but not yet effective**

The Company has not early applied new and revised HKFRSs that have been issued but not yet effective for the financial year beginning on 1 April 2023. These new and revised HKFRSs include the following which may be relevant to the Company.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	1 January 2024
HKAS 7 and HKFRS 7 (amendments) Supplier Finance Arrangements	1 January 2024
HKSA 21 (amendments) Lack of exchangeability	1 January 2024
Amendments to HKFRS 10 and HKAS 28 Sale and contribution of assets between an investor and its Associate or Joint Venture	to be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has been concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

**4. Significant Accounting Policies**

These consolidated financial statements are presented in Hong Kong dollars ("HK\$") and have been prepared under the historical cost convention except for financial assets at fair value through other comprehensive income which have been measured at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(a) Subsidiaries and non-controlling interest**

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity in order to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intragroup transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are now owned, directly or indirectly through subsidiaries, by the company.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the company. Non-controlling interests in the results of the group are presented separately on the face of the consolidated financial statements.

In the Company's statement of financial position, the investment in subsidiaries is stated at cost less provision for impairment loss. The results of the subsidiaries are accounted for by the Company based on dividends received and receivable.

**(b) Foreign currency translation**

These consolidated 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.

**(c) Fair value measurement**

The Company measures its financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer of liability takes place either in a principal market, or in absence of a principal market for the asset or liability, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using assumptions the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**.(c) Fair value measurement (contd.)**

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

**(d) Related parties**

A party is considered to be related to the Company if:

- i. the party is a person or a close member of that person's family and that person
  1. has control or joint control over the Company;
  2. has significant influence over the Company; or
  3. is a member of the key management personnel of the Company or of a parent of the Company; or
- ii. the party is an entity where any of the following conditions applies:
  1. the entity and the Company are members of the same group;
  2. one entity is an associate or joint venture of the other entity (or of a parent, subsidiary, or fellow subsidiary of the entity)
  3. the entity and the Company are joint ventures of the same third party;
  4. one entity is a joint venture of a third entity, and the other entity is an associate of the third entity;
  5. the entity is a post-employment benefit plan for the benefit of the employees of either the Company or an entity related to the Company.
  6. the entity is controlled or jointly controlled by a pension identified in (i);
  7. a person identified in (i)(1) has significant influence over the entity or is a member of the

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**.(d) Related parties (contd.)**

- key management personnel of the entity (or of a parent of the entity); and
8. 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.

**(e) Associates and joint ventures**

An associate is an entity in which the group or company has significant interest, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the group or company and other parties contractually agree to share control of the arrangement and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded as cost, adjusted for any excess of the group's share of acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the group's share of the post-acquisition, post-tax results of the investees and impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the group's share of losses exceeds its interest in the associate or the joint venture, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable.

Unrealised profits and losses resulting from transactions between group and its associates and joint ventures are eliminated to the extent of the group's interest in the investee, except where unrealised losses provided evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(f) Goodwill**

Goodwill represents the excess of:

- I. The aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the group's previously held equity interest in the acquiree; over;
- II. The net fair value of the acquiree's identifiable assets and liabilities measured as the acquisition date.

When (II) is greater than (I), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated as cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

**(g) Investments and other financial assets**

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through other comprehensive income.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient of not adjusting the effect of a significant financing component, 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, transactions 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 in the principal amount outstanding.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(g) Investments and other financial assets (contd.)**

All regular way of 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 require delivery of assets within the year generally established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognized, modified, or impaired.

*Financial assets designated at fair value through other comprehensive income (equity investments)*

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably, except when the Company benefits from such gains are recorded in the other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

**(h) 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 derecognized (i.e., removed from the Company's statements 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.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(h) Derecognition of financial assets (contd.)**

When the Company has transferred its rights to receive cash flows from the 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 recognised and 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.

**(i) Impairment of financial assets**

The Company recognises as allowance for the expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the differences 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 rates. 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 the 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 risks of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(i) Impairment of financial assets (contd.)**

Financial assets at amortized cost are subject to impairment under the general approach and then 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.

**(j) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

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

*Subsequent measurement of loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortization 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 amortization is included in profit or loss.

**(k) 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,

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**(k) Derecognition of financial liabilities (contd.)**

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.

**(l) 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.

**(m) 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 positions, cash and cash equivalents comprise cash at bank, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

**(n) Income tax**

Income tax comprised 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 difference while deferred tax assets are recognised for all deductible temporary difference, the carry forward 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 difference, the carry forward of unused tax credits and unused tax losses can be utilized.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**4 Significant Accounting Policies (contd.)**

**. (n) Income Tax (contd.)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be utilized. 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently 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 related 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.

**(o) Revenue recognition**

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amounts of the financial asset.

**5. Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosures 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**

*Fair value measurement of financial 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 values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include consideration of inputs such as revenue multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**6. Other Income**

	2024	2023
	HK\$	HK\$
Bank interest income	608	295
Foreign exchange gain, net	26,701	(642,471)
	<b>27,309</b>	<b>(642,176)</b>

**7. Profit / (Loss) before taxation**

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

	2024	2023
	HK\$	HK\$
<u>Crediting:</u>		
Foreign exchange gain, net	26,701	(642,471)
<u>Charging:</u>		
Changes in fair value of the financial assets at fair value profit & loss	1,499,127	3,711,481
Auditor's remuneration	461,559	44,000
Share of loss of joint venture		236,837
Share of loss of associate	331,640	256,664

**8. Income Tax Expense**

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 (2023: Nil).

A reconciliation of the tax applicable to profit / (loss) before tax at the Hong Kong Statutory tax rate to the tax at the effective tax rate is as follows:

	2024	2023
	HK\$	HK\$
Profit / (Loss) before tax	(17,794,149)	(9,133,651)
Tax at Hong Kong statutory tax rate of 16.5%	(2,936,035)	(1,507,052)
Tax effect of income that is not taxable	(8,813)	612,346
Tax effect of expenses that are not deductible	2,944,847	894,707
Income tax expense	-	-

There was no unprovided deferred tax in respect of the year and as at the end of reporting period (2023: Nil)

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**9. Related party balances**

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

**10. Financial assets**

	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
(a) Financial assets at fair value through other comprehensive income		
<u>Non-current assets</u>		
Unlisted investments, at fair value	201,821,432	159,181,252
(b) Financial assets at fair value through profit or loss		
<u>Non-current assets</u>		
Unlisted investments, at fair value	53,329,543	44,710,376
	<u>255,150,975</u>	<u>203,891,628</u>

**11. Investment in subsidiaries**

	<u>2024</u>	<u>2023</u>
	HK\$	HK\$
Unlisted shares at cost		
Apex Black Ltd.	50,570	50,570
Upcycle Labs Ltd.	7,768,445	7,768,445
	<u>7,819,015</u>	<u>7,819,015</u>

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**Investment in subsidiaries (contd.)**

At the year end, the Company had an investment in the following subsidiaries:

Name	Place / Country of incorporation / registration	Proportion of nominal value of issued (Directly)	Principal activities
Apex Black Limited	Hong Kong	65%	Investment
Upcycle Labs Limited	United Kingdom	61%	Other professional, scientific, and technical activities

The balance with subsidiaries is unsecured, interest-free, and repayable on demand.

**12. Investment in associate**

Carrying amount, the Group's interest in an associate that are measured under equity method is set out below:

	<u>2024</u> HK\$	<u>2023</u> HK\$
<i>Unlisted investments</i>	1,195,129	1,526,769

At the year end, the Group had an investment in the following associate:

Name	Place / Country of incorporation / registration	Proportion of nominal value of issued capital (Directly)	Principal Activities
Loop Digital Wardrobe Ltd.	United Kingdom	40%	Other business support services activities

**13. Financial instruments by category**

Other than financial assets at fair value through other comprehensive income or through profit or loss as disclosed in note 10 to the consolidated financial statements, which were classified as financial assets at fair value, all financial assets, and liabilities of the Group as at 31 March 2024 and 2023, were stated at amortised cost.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**.13. Financial instruments by category (contd.)**

The financial liabilities of the Group comprise accruals and amounts due to related companies which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the statement of financial position or in the notes to the consolidated financial statements.

**14. Fair value and fair value hierarchy of financial instruments**

Management has assessed that the fair values of cash and cash equivalents, an accrual and balances with the immediate holding company, a related company, a director, and fellow subsidiaries approximated to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between the willing parties, other than in forced or liquidation sales transactions. The fair value of unlisted investment at fair value through other comprehensive income are based on most recent transaction prices. The directors believe that the estimated fair value resulting therefrom, which is recorded in the statement of profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

*Assets measured at fair value:*

As at 31 March 2024

	Fair value measurement using			Total HK\$
	Quoted	Significant	Significant	
	prices	observable	unobservable	
	in active markets (Level 1) HK\$	inputs (Level 2) HK\$	inputs (Level 3) HK\$	
Financial assets at fair value through other comprehensive income			201,821,432	201,821,432
Financial assets measured at fair value through profit or loss			53,329,543	53,329,543
			<b>203,891,628</b>	<b>203,891,628</b>

The movements in fair value measurements within Level 3 during the year are as follows:

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**.14. Fair value and fair value hierarchy of financial instruments (contd.)**

	Financial assets at fair value through other comprehensive income HK\$	Financial assets at fair value through profit or loss HK\$
At 1 April 2023	159,181,252	44,710,376
Financial assets acquired		
Purchases	12,304,979	11,445,605
Disposals	(2,875,528)	(1,327,311)
Total gains recognised	33,210,643	(1,499,127)
At 31 March 2024	201,821,346	53,329,543

The Group did not have any financial liabilities measured at fair value as at 31st March 2024 and 31st March 2023. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for the financial assets (2023: Nil).

**15. Financial risk management objectives and policies**

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Company's financial management policies and practices described below:

*Credit risk*

The Group's cash and cash equivalents are held in a major financial institution, which management believes are of high credit quality.

Maximum exposure and year-end staging

The credit quality and the maximum exposure to credit risk based on the Group'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 2024 and 2023.

The maximum exposure of the Group's financial assets, which comprise other receivables, prepayment, deposits, cash and cash equivalents, equal to the aggregate carrying amount to these instruments.

Cash and cash equivalents are classified within Stage I and their loss allowance are measured at an amount equal to 12-month ECIs.

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**.15. Financial risk management objectives and policies (contd.)**

*Liquidity risk*

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate and maintains a balance between continuity and flexibility of funding from group companies.

The Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, are either repayable on demand or are repayable within three months subsequent to the end of the reporting period.

*Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise the shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies, or processes for managing capital during the years ended 31 March 2024 and 2023.

**16. Goodwill**

	Notes	<u>2024</u> HK\$	<u>2023</u> HK\$
Acquisition and at 31 March 2023, at cost		5,357,879	5,357,879
Less: accumulated impairment losses			
Carrying amount		<u>5,357,879</u>	<u>5,357,879</u>

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**17. Statement of financial position of the company**

		<b><u>2024</u></b>	<b><u>2023</u></b>
	Notes	<b>HK\$</b>	<b>HK\$</b>
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, Plant and Equipment		11,317	-
Investment in subsidiaries	11	7,819,014	7,819,014
Investment in an associate	12	1,195,129	1,526,769
Financial assets at fair value through other comprehensive income		132,373,633	113,273,960
Financial assets at fair value through profit or loss		49,340,910	38,673,499
		<u>190,740,003</u>	<u>161,293,242</u>
<b><u>Current assets</u></b>			
Amount due from subsidiary		-	8,325,503
Prepayments		118,082	-
Other receivables		2,918,482	624,118
Bank and cash balances		36,798	101,805
		<u>3,073,362</u>	<u>9,051,426</u>
<b>Total assets</b>		<b>193,813,365</b>	<b>170,344,668</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity / (Deficiency)</u></b>			
Share capital	18	177,850,800	177,850,800
Reserves	19	(4,434,165)	(7,538,082)
Total equity / deficiency		<u>173,416,635</u>	<u>170,312,718</u>
<b><u>Current liabilities</u></b>			
Other payables		40,069	-
Accruals		72,876	31,950
Amount due to fellow subsidiaries		20,283,785	-
Total liabilities		<u>20,396,730</u>	<u>31,950</u>
<b>Total equity and liabilities</b>		<b>193,813,365</b>	<b>170,344,668</b>

Approved by the Board of Directors on 13 May 2024 and are signed on its behalf by:

\_\_\_\_\_  
**Abhishek Kanoi**  
**Director**

\_\_\_\_\_  
**Pallak Seth**  
**Director**

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**18. Share Capital**

	<u>2024</u>		<u>2023</u>	
	Number of shares	Amount HK\$	Number of shares	Amount HK\$
Ordinary shares, issued and fully paid:	10,000	77,800	10,000	77,800
<u>Preference shares</u> 0.1% redeemable cumulative preference shares, issued and fully paid:	22,850,000	177,773,000	22,850,000	177,773,000
	22,860,000	177,850,800	22,860,000	177,850,800

**19. Movement in the reserves of the company**

	<u>Retained earnings HK\$</u>
At 1 April 2022	8,396,827
Profit for the year	(9,581,079)
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:	
Changes in fair value of financial assets at fair value through other comprehensive income	(6,353,829)
At 31 March 2023 and 1 April 2023	(7,538,082)
Profit for the year	(8,897,524)
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:	
Changes in fair value of financial assets at fair value through other comprehensive income	11,599,605
At 31 March 2024	(4,836,001)

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

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**20. PPE**

	Leasehold Improvement	Furniture & Fixtures	Other Equipment	Office Equipment	Total
<u>Cost</u>					
As at 31/03/2023	388,621		2,341,569	48,986	2,779,176
Additions	232,935	128,033	342,870	60,549	764,387
Disposals			(330,821)		(330,221)
As at 31/03/2024	621,556	128,033	2,354,218	109,535	3,213,342
<u>Accumulated Depreciation</u>					
As at 31/03/2023					
Charge	209,189	40,408	927,698	31,897	1,209,192
Disposal / adjustments	870	168	(89,928)	133	(88,757)
As at 31/03/2024	210,059	40,576	837,771	32,030	1,120,436
<u>Carrying Amount</u>					
As at 31/03/2024	411,497	87,457	1,516,448		2,092,907
As at 31/03/2023	388,621	-	2,341,569		2,779,176

**21. Approval of the consolidated financial statements**

The consolidated financial statements were approved and authorised for issue by the board of directors on 13 May 2024.

BLUEPRINT DESIGN LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

I, the undersigned, do hereby certify that I have examined this with its original and that the same is a true and complete copy of the original.

.....  
CHOW TSZ KIT CPA (Practising), ACA  
Chartered Accountant  
Certified Public Accountant (Practising), Hong Kong  
Practising Certificate Number: P08162  
Date: 31 MAY 2024

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**CHOW TSZ KIT**  
Certified Public Accountants (Practising)

## **BLUEPRINT DESIGN LIMITED**

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## **BLUEPRINT DESIGN LIMITED**

### **DIRECTORS' REPORT**

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 March 2024.

#### **Principal activities**

The Company is inactive during the year.

#### **Dividends**

The Directors do not recommend the payment of any dividend.

#### **Share capital**

Details of the share capital are summarised in the notes to financial statements.

#### **Directors**

The Directors during the year and up to the date of this report were:

Abhishekh KANOI	
Rahul KHETTRY	(Appointed on 26 July 2023)
Mayank Vimal AGARWAL	(Resigned on 26 July 2023)

The appointment of Directors is governed by the Company's Articles of Association.

#### **Business review**

The Company is a wholly-owned subsidiary of another body corporate. Accordingly, the Company is exempted from preparing a business review.

#### **Directors' material interests in transactions, arrangements and contracts that are significant in relation to the company's business**

No transactions, arrangements and contracts of significance in relation to the Company's business of which the Company or any of its group companies was a party subsisted at the end of the year or at any time during the year in which any Directors of the Company had a material interest.

## **BLUEPRINT DESIGN LIMITED**

### **DIRECTORS' REPORT**

#### **Directors' interests in shares and debentures of the company or specified undertaking of the company or any other associated corporation**

At no time during the year was the Company or any of its group companies, a party to any arrangement to enable any of the Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

#### **Management contracts**

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

#### **Equity-linked agreements**

The Company had not entered into any equity-linked agreements during the year.

#### **Permitted indemnity provisions**

At no time during the year and up to the date of this report, there was or is, any permitted indemnity provision (whether made by the Company or otherwise) being in force for the benefit of any of the Director of the Company or of its associated company.

#### **Auditor**

A resolution to re-appoint the retiring auditor, Chow Tsz Kit, Certified Public Accountants (Practising), will be put at the forthcoming annual general meeting.

On behalf of the Board



Abhishek KANOI  
Director

HONG KONG, 24 May 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BLUEPRINT DESIGN LIMITED**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the annexed financial statements of Blueprint Design Limited ("the Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, 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 ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 3(b) to the financial statements, which indicates that the Company's total liabilities exceeded its total assets by HK\$32,440,727 as at 31 March 2024. As stated in Note 3(b), these events or conditions, along with other matters as set forth in Note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and our Auditor's Report Thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

/... to be continued

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BLUEPRINT DESIGN LIMITED**  
(Incorporated in Hong Kong with limited liability)

(Continuation)

**Responsibilities of Directors for the Financial Statements**

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

/... to be continued

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF BLUEPRINT DESIGN LIMITED**  
(Incorporated in Hong Kong with limited liability)

(Continuation)

**Auditor's Responsibilities for the Audit of the Financial Statements - Continued**

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

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



**Chow Tsz Kit**  
**Certified Public Accountants (Practising)**

**HONG KONG, 24 May 2024**

**Room 1031, 10/F.,  
Beverley Commercial Centre,  
87-105 Chatham Road South,  
Tsim Sha Tsui, Kowloon, Hong Kong**

**BLUEPRINT DESIGN LIMITED**

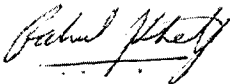
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2024**


	Note	2024 HK\$	2023 HK\$
Revenue	5(a)	-	-
Exchange gain		964,595	114
Other expenses		(45,387)	(27,367)
Profit / (loss) before taxation		919,208	(27,253)
Income tax	8	-	-
Profit / (loss) and total comprehensive income for the year		919,208	(27,253)

**BLUEPRINT DESIGN LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024**

	Note	2024 HK\$	2023 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	9	-	-
<b>Current assets</b>			
Cash and bank balances		30,873	37,903
<b>Current liabilities</b>			
Accruals and other payables		29,000	14,500
Amount due to immediate holding company	10	32,442,600	-
Amount due to fellow subsidiaries	10	-	33,383,338
		32,471,600	33,397,838
<b>Net liabilities</b>		(32,440,727)	(33,359,935)
<b>Equity</b>			
Share capital	11	77,800	77,800
Accumulated losses		(32,518,527)	(33,437,735)
		(32,440,727)	(33,359,935)

  
 \_\_\_\_\_  
 Rahul KHETTRY  
 Director

  
 \_\_\_\_\_  
 Abhishek KANOI  
 Director

**BLUEPRINT DESIGN LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 1.4.2022	77,800	(33,410,482)	(33,332,682)
Loss and total comprehensive income for the year	-	(27,253)	(27,253)
At 31.3.2023 and 1.4.2023	77,800	(33,437,735)	(33,359,935)
Profit and total comprehensive income for the year	-	919,208	919,208
At 31.3.2024	77,800	(32,518,527)	(32,440,727)

**BLUEPRINT DESIGN LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 HK\$	2023 HK\$
<b>Cash flows from operating activities</b>		
Profit / (loss) before taxation / operating profit / (loss) before working capital changes	919,208	(27,253)
Increase / (decrease) in accruals and other payables	14,500	(2,500)
Net cash generated from / (used in) operating activities	933,708	(29,753)
<b>Cash flows from financing activities</b>		
(Repayment to) / advance from a fellow subsidiary	(940,738)	54,460
Net cash (used in) / generated from financing activities	(940,738)	54,460
<b>Net (decrease) / increase in cash and cash equivalents</b>	(7,030)	24,707
<b>Cash and cash equivalents at beginning of year</b>	37,903	13,196
<b>Cash and cash equivalents at end of year</b>	30,873	37,903
<b>Analysis of cash and cash equivalents</b>		
Cash and bank balances	30,873	37,903

## **BLUEPRINT DESIGN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

#### **1 General information**

The Company is a private company incorporated and domiciled in Hong Kong with limited liabilities, its registered office and principal place of business at 9/F., Surson Commercial Building, 140-142 Austin Road, Tsimshatsui, Kowloon, Hong Kong.

The Directors consider that the immediate holding company is Multinational Textile Group Limited, a private company incorporated in Mauritius.

PDS Limited, a company incorporated in India and the shares are listed on the Bombay Stock Exchange (Stock code: 538730) and National Stock Exchange of India (Stock code: PDSL), is the Company's ultimate holding company.

The Company is inactive during the year.

#### **2 Statement of compliance**

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

#### **3 Basis of preparation**

- a These financial statements have been prepared under the historical cost convention.
- b As at 31 March 2024, there was a deficit on Shareholders' funds of HK\$32,440,727.

The immediate holding company has confirmed its present intention to provide financial support to the Company to enable it to meet its liabilities as and when they fall due and to enable the Company to continue business for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 31 MARCH 2024**

**4 Adoption of new and revised Hong Kong Financial Reporting Standards**

The HKICPA has issued a number of new and revised HKFRSs that are first effective for the current accounting period of the Company. The adoption of these HKFRSs has no material impact on these financial statements.

The Company has not applied the new or revised HKFRSs that have been issued but are not yet effective. The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

**5 Significant accounting policies**

**a Revenue**

The Company has no revenue during the year. (2023: Nil)

**b Payables**

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

**c Cash and cash equivalents**

Cash and cash equivalents include cash in hand, bank balances and deposits and other short-term highly liquid investments with original maturities of three months or less.

**d Income tax**

Income tax expense represents the sum of current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted at the end of the reporting period are used to determine deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 31 MARCH 2024**

**5 Significant accounting policies - Continued**

**e Impairment of non-financial assets**

At the end of each reporting period, assets, other than financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. When an indication of impairment exists, the Company estimates the asset's recoverable amount, being the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount in profit or loss. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss recognised in prior year for an asset is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. 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 if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss.

**f Foreign currencies**

The financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

**g Related parties**

i A person, or a close member of that person's family, is related to the Company if that person:

a has control or joint control over the Company;

b has significant influence over the Company; or

c is a member of the key management personnel of the Company or the Company's parent.

**NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 31 MARCH 2024**

**5 Significant accounting policies - Continued**

**g Related parties - Continued**

- ii An entity is related to the Company if any of the following conditions applies:
  - a The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - b One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - c Both entities are joint ventures of the same third party.
  - d One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - e The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.
  - f The entity is controlled or jointly controlled by a person identified in (i).
  - g A person identified in (i)(a) 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).
  - h The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**6 Critical accounting estimates and judgements**

The Company makes estimates, assumptions and judgements as appropriate in the preparation of the financial statements. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

**7 Directors' remuneration**

No emolument was paid or payable during the financial year to any Director (2023: Nil).

## BLUEPRINT DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED 31 MARCH 2024

#### 8 Income tax

- a No Hong Kong profits tax has been provided for the 2023/24 year of assessment (2022/23: no provision) as no assessable profits was earned during the year.
- b The reconciliation between income tax expense and accounting profit / (loss) of the Company in the financial statements is as follows:

	2024 HK\$	2023 HK\$
Profit / (loss) before taxation	919,208	(27,253)
Notional tax at the applicable tax rate of 16.5%	151,669	(4,496)
Tax effect of non-taxable income	(159,158)	-
Tax effect of non-deductible expenses	7,489	-
Tax effect of unrecognised tax losses	-	4,496
	-	-

- c No deferred tax has been provided as in the opinion of Directors, no such liability would arise in the foreseeable future.

#### 9 Property, plant and equipment

	Office equipment HK\$
Cost	
At 1.4.2022, 31.3.2023 and 31.3.2024	60,238
Accumulated depreciation	
At 1.4.2022, 31.3.2023 and 31.3.2024	60,238
Carrying amounts	
At 31.3.2024 and 31.3.2023	-

#### 10 Amounts due to immediate holding company / fellow subsidiaries

The amounts are unsecured, interest-free and have no fixed terms of repayment.

## BLUEPRINT DESIGN LIMITED

### NOTES TO THE FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED 31 MARCH 2024

#### 11 Share capital

	2024 HK\$	2023 HK\$
Issued and fully paid: 10,000 ordinary shares of US\$10,000	<u>77,800</u>	<u>77,800</u>

#### 12 Related party transactions

Except to those related party transactions and balances disclosed elsewhere in the financial statements, the Company does not have other significant related party transactions and balances.

#### 13 Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern. The Directors regard total equity as capital, for capital management purposes.

The Company manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis.

#### 14 Financial instruments

##### a Categories of financial instruments

	2024 HK\$	2023 HK\$
Financial assets		
Financial assets at amortised costs	<u>30,873</u>	<u>37,903</u>
Financial liabilities		
Financial liabilities at amortised costs	<u>32,471,600</u>	<u>33,397,838</u>

**NOTES TO THE FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED 31 MARCH 2024**

**14 Financial instruments - Continued**

**b Financial risk management**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

**i Credit risk**

The carrying amounts of bank balances included in the statement of financial position represent the Company's maximum exposure to credit risk in relating to the Company's financial assets.

The credit risk on bank balances is limited because the counterparty is a licensed bank in Hong Kong with high credit-ratings.

**ii Liquidity risk**

All the Company's financial liabilities are due less than one year.

The Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

**iii Interest rate risk**

The Company has no significant interest-bearing liability during the financial year, even at the end of reporting period.

**c Fair values**

The Directors have considered that the carrying amounts of all financial assets and liabilities approximated to their fair values at 31 March 2024 and 31 March 2023.

**15 Banking facilities**

The banking facilities including overdrafts, import and export loans and factoring export to the extend of HK\$859,504,400. The banking facilities are secured by personal and corporate guarantees and assignment of receivables.

## **BLUEPRINT DESIGN LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - Continued FOR THE YEAR ENDED 31 MARCH 2024**

#### **16 Comparative figures**

Certain comparative figures have been re-classified to conform with current year's presentation.

#### **17 Approval of financial statements**

The financial statements were approved and authorised for issue by the Board of Directors on 24 May 2024.

**Company registration number 06060342 (England and Wales)**

**CASA FORMA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# CASA FORMA LIMITED

## COMPANY INFORMATION

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### Directors

Mr P Seth  
Mr A Banaik  
Mr K Kanodia

### Company number

06060342

### Registered office

Quadrant House - Floor 6  
4 Thomas More Square  
London  
E1W 1YW

### Auditor

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

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# CASA FORMA LIMITED

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Statement of financial position	8
Statement of changes in equity	9
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# **CASA FORMA LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company continued to be that of interior design.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Seth

Mr A Banaik

Mr K Kanodia

#### **Auditor**

The auditors, UHY Hacker Young, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **CASA FORMA LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE YEAR ENDED 31 MARCH 2024**

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##### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the board



Mr K Kanodia  
**Director**

7 May 2024

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASA FORMA LIMITED

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### Opinion

We have audited the financial statements of Casa Forma Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CASA FORMA LIMITED**

---

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF CASA FORMA LIMITED**

---

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

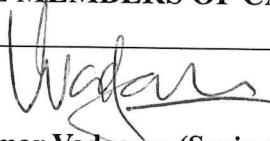
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF CASA FORMA LIMITED**



**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

8 May 2024

**Chartered Accountants**  
**Statutory Auditor**

**CASA FORMA LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2024**

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		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>2</b>	39,940	66,052
Cost of sales		-	(1,930)
		<hr/>	<hr/>
<b>Gross profit</b>		39,940	64,122
Administrative expenses		(37,313)	(61,036)
Other operating income		-	395
		<hr/>	<hr/>
<b>Profit before taxation</b>	<b>3</b>	2,627	3,481
Tax on profit		-	-
		<hr/>	<hr/>
<b>Profit and total comprehensive income for the financial year</b>	<b>10</b>	2,627	3,481
		<hr/> <hr/>	<hr/> <hr/>

The income statement has been prepared on the basis that all operations are continuing operations.

**CASA FORMA LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

		2024		2023	
	Notes	£	£	£	£
<b>Current assets</b>					
Trade and other receivables	6	533		-	
Cash and cash equivalents		22,908		53,743	
		23,441		53,743	
<b>Current liabilities</b>	7	(2,501)		(35,430)	
<b>Net current assets</b>			20,940		18,313
<b>Net assets</b>			20,940		18,313
<b>Equity</b>					
Called up share capital	9	925,000		925,000	
Retained earnings	10	(904,060)		(906,687)	
<b>Total equity</b>			20,940		18,313

The financial statements were approved by the board of directors and authorised for issue on 7 May 2024 and are signed on its behalf by:



Mr K Kanodia  
Director

**Company Registration No. 06060342**

**CASA FORMA LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 April 2022</b>	925,000	(910,168)	14,832
<b>Year ended 31 March 2023:</b>			
Profit and total comprehensive income	-	3,481	3,481
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2023</b>	925,000	(906,687)	18,313
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 March 2024:</b>			
Profit and total comprehensive income	-	2,627	2,627
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2024</b>	925,000	(904,060)	20,940
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# CASA FORMA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Casa Forma Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets; and
- the requirement to present a statement of cash flows and related notes.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 13.

##### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due.

##### 1.3 Revenue

The revenue in the state of comprehensive income represents amounts invoiced during the year and includes design fees and other income exclusive of Value Added Tax. For the procurement income revenue is recognised on project completion exclusive of Value Added Tax.

# CASA FORMA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Computer equipment	25% Reducing Balance Basis
--------------------	----------------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.5 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

##### 1.6 Financial assets

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

Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss which are measured at fair value.

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

---

**1 Accounting policies**

**(Continued)**

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.7 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Financial liabilities at fair value through profit or loss***

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

# CASA FORMA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 1 Accounting policies

(Continued)

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### 2 Revenue

	2024	2023
	£	£
<b>Revenue analysed by class of business</b>		
Design Fees	39,940	61,523
Procurement Income	-	4,529
	<u>39,940</u>	<u>66,052</u>

#### 3 Operating profit

	2024	2023
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	<u>3,451</u>	<u>2,675</u>

## CASA FORMA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 3 (2023: 3)

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

#### 5 Property, plant and equipment

	Computer equipment £
<b>Cost</b>	
At 1 April 2023	4,680
Disposals	(4,680)
	<hr/>
At 31 March 2024	-
	<hr/>
<b>Accumulated depreciation and impairment</b>	
At 1 April 2023	4,680
Eliminated on disposal	(4,680)
	<hr/>
At 31 March 2024	-
	<hr/>
<b>Carrying amount</b>	
At 31 March 2024	-
	<hr/> <hr/>

#### 6 Trade and other receivables

	2024 £	2023 £
VAT recoverable	533	-
	<hr/> <hr/>	<hr/> <hr/>

**CASA FORMA LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024****7 Liabilities**

	Notes	2024 £	2023 £
Trade and other payables	8	2,501	23,620
Taxation and social security		-	11,810
		<u>2,501</u>	<u>35,430</u>

**8 Trade and other payables**

	2024 £	2023 £
Accruals and deferred income	<u>2,501</u>	<u>23,620</u>

## CASA FORMA LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 9 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each	925,000	925,000	925,000	925,000

#### 10 Retained earnings

	2024	2023
	£	£
At the beginning of the year	(906,687)	(910,168)
Profit for the year	2,627	3,481
	<u>          </u>	<u>          </u>
At the end of the year	<u><u>(904,060)</u></u>	<u><u>(906,687)</u></u>

#### 11 Contingent liabilities

RBS has a fixed and floating charge over the assets of the company.

#### 12 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return of stakeholders through the optimisation of equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings.

#### 13 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius, and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**CASA FORMA LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**CASA FORMA LIMITED****DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

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		<b>2024</b>		<b>2023</b>
		<b>£</b>		<b>£</b>
<b>Revenue</b>				
Sales of services		39,940		66,052
<b>Cost of sales</b>		-		(1,930)
		<hr/>		<hr/>
<b>Gross profit</b>	100.00%	39,940	97.08%	64,122
<b>Other operating income</b>				
Sundry income		-		395
<b>Administrative expenses</b>		(37,313)		(61,036)
		<hr/>		<hr/>
<b>Operating profit</b>		2,627		3,481
		<hr/> <hr/>		<hr/> <hr/>

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**CASA FORMA LIMITED****SCHEDULES TO THE INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Cost of sales</b>		
Finished goods purchases	-	1,930
	<u>          </u>	<u>          </u>
 <b>Administrative expenses</b>		
Computer running costs	2,203	5,682
Legal and professional fees	-	333
Consultancy fees	29,072	48,467
Audit fees	3,451	2,675
Bank charges	308	315
Bad and doubtful debts	(2)	216
Insurances (not premises)	1,932	2,528
Advertising	-	414
Telecommunications	348	406
Sundry expenses	1	-
	<u>          </u>	<u>          </u>
	<u>37,313</u>	<u>61,036</u>

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**Company registration number 14681943 (England and Wales)**

**DESIGN ARC BRANDS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

# DESIGN ARC BRANDS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	B Shah	(Appointed 22 February 2023)
	R Chadha	(Appointed 22 February 2023)
	M Arora	(Appointed 22 February 2023)

<b>Company number</b>	14681943
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<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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# DESIGN ARC BRANDS LIMITED

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Independent auditor's report	3 - 6
Income statement	7
Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 17

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# DESIGN ARC BRANDS LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the period ended 31 March 2024.

#### Principal activities

The company was incorporated on 22 February 2023. The company began trading on 24 April 2023. The principal activity of the company is that of design and importation of clothing.

#### Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

B Shah	(Appointed 22 February 2023)
R Chadha	(Appointed 22 February 2023)
M Arora	(Appointed 22 February 2023)

#### Auditor

UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **DESIGN ARC BRANDS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



R Chadha

**Director**

8 May 2024

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DESIGN ARC BRANDS LIMITED**

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#### **Opinion**

We have audited the financial statements of Design Arc Brands Limited (the 'company') for the period ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESIGN ARC BRANDS LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESIGN ARC BRANDS LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

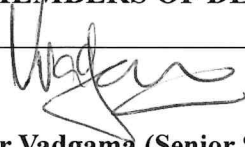
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF DESIGN ARC BRANDS LIMITED**



**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

8 May 2024

**Chartered Accountants**  
**Statutory Auditor**

**DESIGN ARC BRANDS LIMITED**

**INCOME STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2024**

	Notes	Period ended 31 March 2024 £
Revenue	2	13,195
Cost of sales		(23,573)
<b>Gross (loss)/profit</b>		<u>(10,378)</u>
Distribution costs		(78,121)
Administrative expenses		(984,694)
<b>(Loss)/profit before taxation</b>	3	<u>(1,073,193)</u>
Tax on (loss)/profit		<u>-</u>
<b>(Loss)/profit and total comprehensive income for the financial period</b>		<u><u>(1,073,193)</u></u>

**DESIGN ARC BRANDS LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	£
<b>Current assets</b>			
Inventories	5	165,552	
Trade and other receivables	6	42,796	
Cash and cash equivalents		34,681	
		<u>243,029</u>	
<b>Current liabilities</b>	7	(1,316,122)	
<b>Net current liabilities</b>			<u>(1,073,093)</u>
<b>Equity</b>			
Called up share capital	10		100
Retained earnings			<u>(1,073,193)</u>
<b>Total equity</b>			<u>(1,073,093)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 8 May 2024 and are signed on its behalf by:



R Chadha  
**Director**

Company registration number 14681943 (England and Wales)

**DESIGN ARC BRANDS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

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	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 22 February 2023</b>		-	-	-
<b>Period ended 31 March 2024:</b>				
Loss and total comprehensive income		-	(1,073,193)	(1,073,193)
Transactions with owners:				
Issue of share capital	<b>10</b>	100	-	100
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2024</b>		100	(1,073,193)	(1,073,093)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# DESIGN ARC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Design Arc Brands Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Reporting period

The company was incorporated on 22 February 2023. The results for the period ended 31 March 2024 therefore represent 13 months.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirement to present a statement of cash flows and related notes.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 13.

##### 1.3 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that at the balance sheet date, the company's had net liabilities of £1,073,093.

In view of this uncertainty the directors have obtained confirmation of financial support from the parent company who will not seek repayment of the amounts owed until such time as the company is able to repays its debts. By taking this and future plans in consideration, the directors consider the going concern basis to be appropriate because the company will continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due for the next 15 months.

# DESIGN ARC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.4 Revenue

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### 1.5 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### *Financial assets at fair value through profit or loss*

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### *Financial assets held at amortised cost*

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

# DESIGN ARC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Financial assets at fair value through other comprehensive income*

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

##### *Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

# DESIGN ARC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**DESIGN ARC BRANDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 MARCH 2024****2 Revenue****2024****£****Revenue analysed by class of business**

Sale of clothing

13,195

**2024****£****Revenue analysed by geographical market**

United Kingdom

13,195

**3 Operating (loss)/profit****2024****£**

Operating loss for the period is stated after charging/(crediting):

Exchange losses

1,361

Fees payable to the company's auditor for the audit of the company's financial statements

5,500

Cost of inventories recognised as an expense

23,573

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

**2024****Number**

Management

3

Designers, sales and admin

8

Total

11

Their aggregate remuneration comprised:

**2024****£**

Wages and salaries

605,791

Social security costs

55,505

Pension costs

7,151

668,447

# DESIGN ARC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

#### 4 Employees (Continued)

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

#### 5 Inventories

	2024 £
Finished goods	165,552

#### 6 Trade and other receivables

	2024 £
Trade receivables	741
VAT recoverable	24,057
Other receivables	13,315
Prepayments and accrued income	4,683
	42,796

#### 7 Liabilities

	2024 £
	Notes
Trade and other payables	8 1,304,269
Taxation and social security	11,853
	1,316,122

#### 8 Trade and other payables

	2024 £
Trade payables	21,316
Amount owed to parent undertaking	1,251,614
Amounts owed to fellow group undertakings	24,923
Accruals and deferred income	5,500
Other payables	916
	1,304,269

## DESIGN ARC BRANDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 31 MARCH 2024

#### 9 Retirement benefit schemes

	2024 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	7,151

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 10 Share capital

	2024 Number	2024 £
<b>Ordinary share capital Issued and fully paid</b>		
Ordinary shares of £1 each	100	100

During the year, 100 shares were issued at £1 par value.

#### 11 Other leasing information

##### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2024 £
Minimum lease payments under operating leases	16,440

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2024 £
<b>Land and buildings</b>	
Within one year	13,272

#### 12 Related party transactions

## **DESIGN ARC BRANDS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE PERIOD ENDED 31 MARCH 2024**

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#### **12 Related party transactions**

**(Continued)**

As at the year end, the company owed £24,923 to Lily and Lionel London Limited.

During the year, the company paid management charges to Design Arc UK Limited of £2,144. As at the year end, the company owed £1,251,614 to Design Arc UK Limited, its parent company.

Design Arc UK Limited owns 100% of the shares in Lily and Lionel London Limited.

#### **13 Controlling party**

The immediate parent company is Design Arc UK Limited by virtue of its 100% ownership of the ordinary share capital.

The ultimate parent company is PDS Limited, a company registered in India. PDS Limited, prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**DESIGN ARC BRANDS LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

**DESIGN ARC BRANDS LIMITED**

**DETAILED INCOME STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
<b>Revenue</b>		
Sales of goods		13,195
<b>Cost of sales</b>		(23,573)
		<hr/>
<b>Gross loss</b>	78.65%	(10,378)
<b>Distribution costs</b>		(78,121)
<b>Administrative expenses</b>		(984,694)
		<hr/>
<b>Operating loss</b>		(1,073,193)
		<hr/> <hr/>

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# DESIGN ARC BRANDS LIMITED

## SCHEDULES TO THE INCOME STATEMENT FOR THE PERIOD ENDED 31 MARCH 2024

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	Period ended 31 March 2024 £
<b>Cost of sales</b>	
<i>Purchases and other direct costs</i>	
Finished goods purchases	188,203
Direct costs	922
	<hr/>
Total purchases and other direct costs	189,125
	<hr/>
Total cost of sales	23,573
	<hr/>
<b>Distribution costs</b>	
Designing expenses	38,521
Samples	21,860
Storage	17,740
	<hr/>
	78,121
	<hr/>

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**DESIGN ARC BRANDS LIMITED****SCHEDULES TO THE INCOME STATEMENT (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024**

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	<b>Period ended 31 March 2024 £</b>
<b>Administrative expenses</b>	
Wages and salaries	605,791
Social security costs	55,505
Staff recruitment costs	21,075
Staff welfare	4,593
Staff pension costs defined contribution	7,151
Management charge	8,553
Rent re operating leases	11,371
Computer running costs	15,415
Motor running expenses	1,570
Travelling expenses	53,217
Postage, courier and delivery charges	429
Professional subscriptions	3,096
Legal and professional fees	27,758
Consultancy fees	4,470
Audit fees	5,500
Bank charges	1,503
Insurances (not premises)	824
Printing and stationery	5,154
Advertising	140,501
Telecommunications	1,864
Other office supplies	7,911
Entertaining	133
Sundry expenses	(51)
Profit or loss on foreign exchange	1,361
	<hr/>
	984,694
	<hr/> <hr/>

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**Company registration number 10440973 (England and Wales)**

**DESIGN ARC UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# **DESIGN ARC UK LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

Mr R Chadha  
Mr A Kanoi  
Mr M Arora

### **Secretary**

Mr K Kanodia

### **Company number**

10440973

### **Registered office**

Quadrant House - Floor 6  
4 Thomas More Square  
London  
E1W 1YW

### **Auditor**

UHY Hacker Young  
Quadrant House - Floor 6  
4 Thomas More Square  
London  
E1W 1YW

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# DESIGN ARC UK LIMITED

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Statement of comprehensive income	7
Statement of financial position	8 - 9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 33

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# **DESIGN ARC UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company continued to be that of providing design, sourcing and marketing services.

#### **Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R Chadha

Mr A Kanoi

Mr M Arora

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**DESIGN ARC UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr R Chadha  
**Director**

8 May 2024

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF DESIGN ARC UK LIMITED

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#### Opinion

We have audited the financial statements of Design ARC UK Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESIGN ARC UK LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF DESIGN ARC UK LIMITED**

---

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

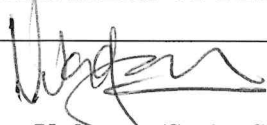
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF DESIGN ARC UK LIMITED**



**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

8 May 2024

**Chartered Accountants**  
**Statutory Auditor**

**DESIGN ARC UK LIMITED****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>3</b>	4,142,482	4,713,548
Distribution costs		(79,648)	(76,903)
Administrative expenses		(3,221,184)	(4,233,621)
<b>Operating profit</b>	<b>4</b>	841,650	403,024
Investment income	<b>8</b>	3,646	-
Finance costs	<b>9</b>	(30,634)	(33,000)
<b>Profit before taxation</b>		814,662	370,024
Tax on profit	<b>10</b>	29,669	(17,038)
<b>Profit and total comprehensive income for the financial year</b>		844,331	352,986

The income statement has been prepared on the basis that all operations are continuing operations.

# DESIGN ARC UK LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
<b>Non-current assets</b>					
Intangible assets	11		13,219		17,964
Property, plant and equipment	12		755,863		902,989
Investments	13		200		200
			<u>769,282</u>		<u>921,153</u>
<b>Current assets</b>					
Trade and other receivables	15	3,560,446		852,141	
Cash and cash equivalents		127,328		211,378	
		<u>3,687,774</u>		<u>1,063,519</u>	
<b>Current liabilities</b>	16	(1,996,443)		(265,138)	
<b>Net current assets</b>			<u>1,691,331</u>		<u>798,381</u>
<b>Total assets less current liabilities</b>			2,460,613		1,719,534
<b>Non-current liabilities</b>	16		(603,854)		(721,391)
<b>Provisions for liabilities</b>					
Deferred tax liabilities	20		(1,073)		(36,983)
<b>Net assets</b>			<u>1,855,686</u>		<u>961,160</u>
<b>Equity</b>					
Called up share capital	23		50,000		50,000
Other reserves	24		163,307		113,112
Retained earnings			1,642,379		798,048
<b>Total equity</b>			<u>1,855,686</u>		<u>961,160</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

**DESIGN ARC UK LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 MARCH 2024**

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The financial statements were approved by the board of directors and authorised for issue on 8 May 2024 and are signed on its behalf by:



Mr R Chadha

**Director**

Company registration number 10440973 (England and Wales)

**DESIGN ARC UK LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

	<b>Share capital £</b>	<b>Other reserves £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 April 2022</b>	50,000	43,791	445,062	538,853
<b>Year ended 31 March 2023:</b>				
Profit and total comprehensive income	-	-	352,986	352,986
Transactions with owners:				
Other movements	-	69,321	-	69,321
<b>Balance at 31 March 2023</b>	50,000	113,112	798,048	961,160
<b>Year ended 31 March 2024:</b>				
Profit and total comprehensive income	-	-	844,331	844,331
Transactions with owners:				
Other movements	-	50,195	-	50,195
<b>Balance at 31 March 2024</b>	50,000	163,307	1,642,379	1,855,686

**DESIGN ARC UK LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2024**

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		2024	2023
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	656,351	135,957
Income taxes paid		(82,973)	-
		<u>          </u>	<u>          </u>
<b>Net cash inflow from operating activities</b>		573,378	135,957
<b>Investing activities</b>			
Purchase of intangible assets		-	(11,216)
Purchase of property, plant and equipment		(27,106)	(26,618)
Proceeds from disposal of property, plant and equipment		-	908
Proceeds from disposal of subsidiaries		-	(200)
Lending of loans		(500,000)	-
		<u>          </u>	<u>          </u>
<b>Net cash used in investing activities</b>		(527,106)	(37,126)
<b>Financing activities</b>			
Payment of lease liabilities		(130,322)	(54,230)
		<u>          </u>	<u>          </u>
<b>Net cash used in financing activities</b>		(130,322)	(54,230)
		<u>          </u>	<u>          </u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(84,050)	44,601
Cash and cash equivalents at beginning of year		211,378	166,777
		<u>          </u>	<u>          </u>
Cash and cash equivalents at end of year		127,328	211,378
		<u>          </u>	<u>          </u>

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# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Design ARC UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, standards not yet effective and impairment of assets.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 30.

These financial statements do not reflect the consolidation of the company's subsidiaries and are not statutory financial statements. The directors have nonetheless prepared and presented on the basis they are statutory financial statements for disclosure purposes in all other aspects.

##### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable net of VAT.

Commission receivable is earned when the supplier ships the goods to the end customers.

Marketing fees receivable is earned when the supplier ships the goods to the end customers.

##### 1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is charged on the following basis:

Computer software	3 years straight line
-------------------	-----------------------

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Leasehold improvements	5 years straight line
Fixtures and fittings	5 years straight line
Computers	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**1 Accounting policies**

**(Continued)**

**1.7 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

*Financial assets held at amortised cost*

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

#### *Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

#### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**(Continued)**

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Taxation**

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

***Current tax***

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

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.15 Share-based payments

The company operates an employee share ownership plan (ESOP) trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records assets and liabilities of the trust as its own. Consideration paid by the ESOP scheme for shares of the company is deducted from equity. Finance costs and administrative expenses incurred by the company in relation to the ESOP are recognised on an accruals basis.

The parent company PDS Limited has issued share options to certain directors. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black - Scholes option pricing model. The fair value will be charged as an expense in the profit or loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

##### 1.16 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

---

**1 Accounting policies**

**(Continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**1.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**1.18 Fair value measurement**

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Information about such judgements and estimates is contained in either the accounting policies or in the notes to the financial statements.

#### Key sources of estimation uncertainty

##### Valuations of lease liability & right-of-use asset

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

##### Share-based payments

The Group operates an employee compensation scheme, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgement in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period.

These assumptions include the future volatility of the Parent's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards, and hence the charge made in the income statement, could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 22. The Group uses a professional valuer in the determination of the fair value of options at grant date.

#### 3 Revenue

	2024	2023
	£	£
<b>Revenue analysed by class of business</b>		
Commission receivable	2,572,852	2,712,261
Marketing fees receivable	1,569,630	2,001,287
	<u>4,142,482</u>	<u>4,713,548</u>

**DESIGN ARC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****4 Operating profit**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	7,307	68,697
Depreciation of property, plant and equipment	174,232	169,892
(Profit)/loss on disposal of property, plant and equipment	-	1,425
Amortisation of intangible assets (included within administrative expenses)	4,745	5,945
Share-based payments	50,195	69,321
	<u>          </u>	<u>          </u>

**5 Auditor's remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12,183	12,700
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Other services	7,445	7,415
	<u>          </u>	<u>          </u>

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Design	24	18
Sales	5	4
Management	3	3
	<u>          </u>	<u>          </u>
Total	32	25
	<u>          </u>	<u>          </u>

**DESIGN ARC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****6 Employees****(Continued)**

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,055,384	2,860,181
Social security costs	242,934	411,870
Pension costs	21,359	20,544
	<u>2,319,677</u>	<u>3,292,595</u>

**7 Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	882,500	2,027,857
Company pension contributions to defined contribution schemes	2,642	2,642
	<u>885,142</u>	<u>2,030,499</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	524,520	1,520,002
Company pension contributions to defined contribution schemes	1,321	1,321
	<u>525,841</u>	<u>1,521,323</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2023: 2).

2 of the directors are paid under the companies share option scheme.

**8 Investment income**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Other interest income	3,646	-
	<u>3,646</u>	<u>-</u>

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 9 Finance costs

	2024	2023
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on lease liabilities	30,634	33,000

#### 10 Taxation

	2024	2023
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	76,907
Adjustments in respect of prior periods	6,241	(83,199)
<b>Total UK current tax</b>	6,241	(6,292)
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(35,910)	23,330
<b>Total tax charge/(credit)</b>	(29,669)	17,038

The charge for the year can be reconciled to the profit per the income statement as follows:

	2024	2023
	£	£
Profit before taxation	814,662	370,024
Expected tax charge based on a corporation tax rate of 25.00% (2023: 19.00%)	203,666	70,305
Effect of expenses not deductible in determining taxable profit	-	1,983
Group relief	(275,486)	-
Under/(over) provided in prior years	6,241	(83,198)
Deferred tax adjustments in respect of prior years	35,910	18,151
Fixed asset differences	-	921
Remeasurement of deferred tax for changes in tax rates	-	8,876
<b>Taxation (credit)/charge for the year</b>	(29,669)	17,038

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 11 Intangible fixed assets

	Software £
<b>Cost</b>	
At 31 March 2023	24,128
At 31 March 2024	24,128
<b>Amortisation and impairment</b>	
At 31 March 2023	6,164
Charge for the year	4,745
At 31 March 2024	10,909
<b>Carrying amount</b>	
At 31 March 2024	13,219
At 31 March 2023	17,964

#### 12 Property, plant and equipment

	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
<b>Cost</b>					
At 1 April 2023	1,129,570	138,507	53,708	64,458	1,386,243
Additions	-	-	6,100	21,006	27,106
At 31 March 2024	1,129,570	138,507	59,808	85,464	1,413,349
<b>Accumulated depreciation and impairment</b>					
At 1 April 2023	402,119	34,531	21,411	25,193	483,254
Charge for the year	111,961	27,701	18,518	16,052	174,232
At 31 March 2024	514,080	62,232	39,929	41,245	657,486

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 12 Property, plant and equipment

(Continued)

	Leasehold land and buildings £	Leasehold improvements £	Fixtures and fittings £	Computers £	Total £
<b>Carrying amount</b>					
At 31 March 2024	615,490	76,275	19,879	44,219	755,863
At 31 March 2023	727,451	103,976	32,297	39,265	902,989

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b> £	<b>2023</b> £
<b>Net values at the year end</b>		
Property	615,501	727,451
<b>Depreciation charge for the year</b>		
Property	111,961	111,903

#### 13 Investments

	<b>Current</b> <b>2024</b> £	<b>2023</b> £	<b>Non-current</b> <b>2024</b> £	<b>2023</b> £
Investments in subsidiaries	-	-	200	200

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

#### **Fair value of financial assets carried at amortised cost**

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### 14 Subsidiaries

Details of the company's subsidiaries at 31 March 2024 are as follows:

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 14 Subsidiaries

(Continued)

Name of undertaking	Address	Class of shares held	% Held Direct
Lily and Lionel London Limited	England and Wales	Ordinary £1 shares	100.00
Design Arc Brands Limited	England and Wales	Ordinary £1 shares	100.00

Registered office addresses (all UK unless otherwise indicated):

Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW

#### 15 Trade and other receivables

	2024 £	2023 £
VAT recoverable	23,934	26,436
Amounts owed by subsidiary undertakings	1,948,010	383,424
Amounts owed by fellow group undertakings	784,271	207,059
Other receivables	550,422	45,086
Prepayments and accrued income	253,809	190,136
	<u>3,560,446</u>	<u>852,141</u>

All amounts are due to be recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount.

#### 16 Liabilities

		Current 2024 £	2023 £	Non-current 2024 £	2023 £
	Notes				
Trade and other payables	18	1,818,774	39,702	-	-
Corporation tax		-	76,732	-	-
Other taxation and social security		60,132	49,016	-	-
Lease liabilities	19	117,537	99,688	603,854	721,391
		<u>1,996,443</u>	<u>265,138</u>	<u>603,854</u>	<u>721,391</u>

**DESIGN ARC UK LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****17 Fair value of financial liabilities**

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

**18 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts owed to fellow group undertakings	1,721,009	15,997
Accruals and deferred income	21,683	5,499
Other payables	76,082	18,206
	<u>1,818,774</u>	<u>39,702</u>

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

All trade and other payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables are the same as the carrying value shown above.

**19 Lease liabilities**

	<b>2024</b>	<b>2023</b>
<b>Maturity analysis</b>	<b>£</b>	<b>£</b>
Within one year	255,610	205,247
In two to five years	571,340	721,391
	<u>826,950</u>	<u>926,638</u>
Total undiscounted liabilities	826,950	926,638
Future finance charges and other adjustments	(105,559)	(105,559)
	<u>721,391</u>	<u>821,079</u>

## DESIGN ARC UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 19 Lease liabilities

(Continued)

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2024 £	2023 £
Current liabilities	117,537	99,688
Non-current liabilities	603,854	721,391
	<u>721,391</u>	<u>821,079</u>

	2024 £	2023 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>30,634</u>	<u>33,000</u>

Other leasing information is included in note 25.

#### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax liability at 1 April 2022	13,653
<b>Deferred tax movements in prior year</b>	
Credit to profit or loss	<u>23,330</u>
Deferred tax liability at 1 April 2023	36,983
<b>Deferred tax movements in current year</b>	
Credit to profit or loss	<u>(35,910)</u>
Deferred tax liability at 31 March 2024	<u>1,073</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

# DESIGN ARC UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 21 Retirement benefit schemes

	2024	2023
	£	£
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	21,359	20,544

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 22 Share-based payments

	Number of share options		Average exercise price	
	Number of share options	Number of share options	Average exercise price	Average exercise price
	2024	2023	2024	2023
	Number	Number	£	£
Outstanding at 1 April 2023	215,000	215,000	219.00	219.00
Granted in the period	-	-	-	-
Exercised in the period	(15,000)	-	219.00	-
Expired in the period	(10,000)	-	219.00	-
Outstanding at 31 March 2024	190,000	215,000	219.00	219.00
Exercisable at 31 March 2024	190,000	215,000	219.00	219.00

#### Options outstanding

The options outstanding at 31 March 2024 had an exercise price in the range of INR 137.26 to INR 219.00 (2023: INR 162.70 to INR 240) and a weighted average contractual life of 1.6 years (2023: 2.6 years).

The weighted-average share price at the date of exercise for share options exercised in 2024 was INR 137.26 (2023: no options exercised).

#### Expenses

Related to equity settled share based payments	50,195	69,321
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## DESIGN ARC UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 22 Share-based payments

(Continued)

Share options were granted to the employees of the company on 22/10/2021. There are performance conditions attached to these options. Options granted under this plan vest as follows;

- a. 25% of the options vest at the end of 1st year from the date of Grant,
- b. 25% of the options vest at the end of 2nd year from the date of Grant,
- c. 25% of the options vest at the end of 3rd year from the date of Grant,
- d. 25% of the options vest at the end of 4th year from the date of Grant,

Exercise of an option is subject to continuous employment and fulfilling the conditions as set out in the grant letter.

Options were valued used the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculations are as follows;

Grant date	22/10/2021
Share price at grant date	INR 273.80
Exercise price	INR 219.00
Number of employees	3
Shares under option	185,000
Vesting period (years)	4
Option life (years)	4
Expected life (years)	4
Fair value per option:	
Year 1	INR 94.80
Year 2	INR 107.00
Year 3	INR 117.20
Year 4	INR 125.20

The exercise price, and hence the fair value, of the options is denominated in INR and has been translated in the table above at the exchange rate on the date of grant being INR 103.194 = £1.

#### 23 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
50,000 Ordinary shares of £1 each	50,000	50,000	50,000	50,000

## DESIGN ARC UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

#### 24 Other reserves

	2024 £	2023 £
At the beginning of the year	113,112	43,791
Other movements	50,195	69,321
	<u>163,307</u>	<u>113,112</u>

#### 25 Operating lease commitments

##### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2024 £	2023 £
Minimum lease payments under operating leases	<u>84,000</u>	<u>84,000</u>

#### 26 Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimization of the equity balance. The capital structure of the company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings. The company also receives borrowings from its parent and fellow group companies.

The company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**27 Financial Risk Management**

The following section provides quantitative and qualitative disclosures on the effect that these risks have upon the company.

***Credit Risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2024, the company held cash and cash equivalents of £127,328 (2023: £211,378).

***Foreign currency risk***

The company's functional and presentation currency and the majority of its spending as well as financing facilities are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

## DESIGN ARC UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 28 Related party relationships and transactions

During the year, the company entered into transactions, in the ordinary course of business, with the following related parties;

	Value of services (sold)/ purchased by the company		Balance included within (trade creditors)/trade debtors at year end	
	2024 £	2023 £	2024 £	2023 £
Poeticgem Limited, UK	-	-	(24,290)	(15,997)
Design Arc Asia Limited, Hong Kong	(2,572,852)	(2,712,261)	(1,696,719)	17,694
PDS Fashions Limited	-	-	124,904	-
PDS Limited	(1,114,639)	(859,148)	589,123	132,786
Twins Asia FZCO	(454,989)	(1,132,364)	70,243	56,579
Lily and Lionel London Limited	-	-	696,396	222,641
Design Arc Brands Limited	(2,144)	-	1,251,614	160,783

The above companies are related as follows:

PDS Sourcing Limited has 85% shareholding in Design Arc UK Limited and 100% shareholding in Poeticgem Limited, PDS Fashions Limited and PDS Multinational FZCO.

Norwest Industries Limited, Hong Kong holds 100% shareholding in Design Arc Asia Limited and is a fellow subsidiary of PDS Sourcing Limited.

PDS Multinational FZCO has 75% shareholding in Twins Asia FZCO.

PDS Sourcing Limited is a subsidiary of PDS Limited.

Design Arc UK Limited has 100% shareholding in Lily & Lionel London Limited and Design Arc Brands Limited.

The above balances are interest free and repayable on demand.

#### 29 Directors' transactions

## DESIGN ARC UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 29 Directors' transactions

(Continued)

During the year, the company made a loan to a director, R Chadha, of £500,000. There was interest of 3.5% charged on the balance of £3,646. As at the year end, the balance outstanding was £503,646 (2023: £nil).

#### 30 Controlling party

The controlling party of the company is PDS Sourcing Limited by virtue of its 85% ownership of the ordinary share capital and overall board control.

The ultimate parent company is PDS Limited, a company registered in India. PDS Limited, prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

#### 31 Cash generated from operations

	2024 £	2023 £
Profit before income tax from:		
Continuing operations	814,662	370,024
Discontinued operations	-	32,999
	<hr/>	<hr/>
Profit for the year before income tax	814,662	403,023
<b>Adjustments for:</b>		
Taxation credited	-	(17,038)
Finance costs	30,634	(33,000)
Investment income	(3,646)	-
(Gain)/loss on disposal of property, plant and equipment	-	1,425
Amortisation and impairment of intangible assets	4,745	5,945
Depreciation and impairment of property, plant and equipment	174,232	168,985
Equity settled share based payment expense	50,195	69,321
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(2,204,659)	(261,939)
Decrease in provisions	-	23,330
Increase/(decrease) in trade and other payables	1,790,188	(224,095)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>656,351</b>	<b>135,957</b>
	<hr/>	<hr/>

**DESIGN ARC UK LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**DESIGN ARC UK LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2024**

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		<b>2024</b>		<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Revenue</b>				
Sales of goods		2,572,854		2,712,263
Marketing fees receivable		1,569,628		2,001,285
		<u>4,142,482</u>		<u>4,713,548</u>
<b>Distribution costs</b>	79,648		76,903	
<b>Administrative expenses</b>	<u>3,221,184</u>		<u>4,233,621</u>	
		<u>(3,300,832)</u>		<u>(4,310,524)</u>
<b>Operating profit</b>		841,650		403,024
<b>Investment revenues</b>				
<b>Finance costs</b>				
Finance lease interest payable		<u>(30,634)</u>		<u>(33,000)</u>
<b>Profit before taxation</b>		<u><u>814,662</u></u>		<u><u>370,024</u></u>

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**DESIGN ARC UK LIMITED****SCHEDULE OF ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Distribution costs</b>		
Designing charges	20,866	20,056
Storage charges	4,681	4,834
Samples	54,101	52,013
	<hr/>	<hr/>
	79,648	76,903
	<hr/>	<hr/>
<b>Administrative expenses</b>		
Wages and salaries	1,122,689	763,003
Social security costs	123,600	411,870
Staff recruitment costs	16,379	27,000
Staff welfare	30,243	22,659
Staff training	15,521	-
Staff pension costs defined contribution	18,717	17,902
Equity settled share based payment costs	50,195	69,321
Directors' remuneration	882,500	2,027,857
Directors' social security costs	119,334	-
Directors' pension costs - defined contribution scheme	2,642	2,642
Rent re operating leases	63,461	76,132
Rates	75,146	68,510
Cleaning	23,932	13,527
Power, light and heat	16,400	18,922
Property repairs and maintenance	-	708
Computer running costs	44,744	17,406
Motor running expenses	12,810	15,269
Travelling expenses	183,303	193,967
Postage, courier and delivery charges	45,045	25,265
Legal and professional fees	12,359	3,380
Consultancy fees	7,140	4,530
Audit fees	12,183	12,700
Charitable donations	76,755	110,710
Bank charges	1,301	1,050
Insurances (not premises)	8,942	13,933
Printing and stationery	9,268	10,980
Marketing	392	766
Telecommunications	4,533	5,067
Other office supplies	48,228	44,005
Entertaining	8,295	10,439
Sundry expenses	987	(1,858)
Management fees receivable	(2,144)	-
Amortisation	4,745	5,945
Depreciation	174,232	169,892
Profit or loss on sale of tangible assets (non exceptional)	-	1,425

**DESIGN ARC UK LIMITED**

**SCHEDULE OF ADMINISTRATIVE EXPENSES (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Profit or loss on foreign exchange	7,307	68,697
	<hr/>	<hr/>
	3,221,184	4,233,621
	<hr/> <hr/>	<hr/> <hr/>

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**DIZBI Private Limited**  
**Balance Sheet as at March 31, 2024**

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

Particulars	Note no.	As at March 31, 2024	As at March 31, 2023
<b>I. Assets</b>			
<b>Non current assets</b>			
(a) Property plant & equipment	4	-	-
(a) Other Intangible assets	5	-	-
<b>Total non current assets</b>		-	-
<b>Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	6	32.88	32.89
(b) Other current assets	7	-	23.13
<b>Total current assets</b>		<b>32.88</b>	<b>56.02</b>
<b>Total assets</b>		<b>32.88</b>	<b>56.02</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	8	1.00	1.00
(b) Other equity	9	2.51	3.37
<b>Total equity</b>		<b>3.51</b>	<b>4.37</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	10	-	-
- Total outstanding dues to micro enterprises and small enterprises		1.26	5.60
(ii) Other financial liabilities	11	28.11	41.35
(b) Other current liabilities	12	-	4.70
<b>Total current liabilities</b>		<b>29.37</b>	<b>51.65</b>
<b>Total equity and liabilities</b>		<b>32.88</b>	<b>56.02</b>
Summary of material accounting policies and explanatory information thereon	3		
The accompanying notes form an integral part of these financial statements			

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

**For and on behalf of Board of Directors of**

DIZBI Private Limited

Sd/-

**Abhishek Kanoi**

Director

DIN 03129842

Mumbai

May 14, 2024

Sd/-

**Raamann Ahuja**

Director

DIN 06577212

New Delhi

May 14, 2024

**DIZBI Private Limited****Statement of Profit and Loss for the period ended March 31, 2024****(All amounts in ₹ in lakhs, unless otherwise stated)**

<b>Particulars</b>	<b>Note no.</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
<b>I Other income</b>	13	4.30	2.37
<b>II Total income (I)</b>		<b>4.30</b>	<b>2.37</b>
<b>III Expenses</b>			
(a) Employee benefit expense	14	-	18.68
(b) Finance costs	15	-	4.27
(c) Depreciation and amortization expense	16	-	26.83
(d) Other expenses	17	5.16	9.53
<b>Total expenses (III)</b>		<b>5.16</b>	<b>59.31</b>
<b>IV Loss before tax (II-III)</b>		<b>(0.86)</b>	<b>(56.94)</b>
<b>V Tax expense:</b>			
(a) Current tax	19	-	-
(b) Deferred tax charge		-	1.12
<b>Total tax expense</b>		<b>-</b>	<b>1.12</b>
<b>VI Loss for the period (IV-V)</b>		<b>(0.86)</b>	<b>(58.06)</b>
<b>VII Other comprehensive income</b>			
<b>(A)</b> (i) Items that will not be reclassified to profit or loss			
(a) Re-measurement gains on defined benefit plans		-	-
(ii) Income tax on items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>VIII Total comprehensive income for the period (VI + VII)</b>		<b>(0.86)</b>	<b>(58.06)</b>
<b>IX Loss per share: (face value of ₹ 10 per share)</b>	18		
1) Basic (amount in ₹)		(8.59)	(580.57)
2) Diluted (amount in ₹)		(8.59)	(580.57)

Summary of material accounting policies and explanatory information thereon

3

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

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

**For and on behalf of Board of Directors of**

DIZBI Private Limited

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Sd/-

**Abhishek Kanoi**

Director

DIN 03129842

Sd/-

**Raamann Ahuja**

Director

DIN 06577212

Bengaluru

May 14, 2024

Mumbai

May 14, 2024

New Delhi

May 14, 2024

**DIZBI Private Limited****Statement of Cash Flow for the period ended March 31, 2024****(All amounts in ₹ in lakhs, unless otherwise stated)**

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
<b>Cash flows from operating activities</b>		
<b>Loss before tax</b>	(0.86)	(56.94)
<b>Adjustments for:</b>		
Depreciation and amortization expense	-	26.83
Interest on loan from related party	-	4.27
Liabilities no longer required written back	(4.30)	(2.22)
Unrealised foreign exchange fluctuation (net)	-	(0.15)
<b>Operating loss before change in working capital</b>	<b>(5.16)</b>	<b>(28.21)</b>
<b>Movement in working capital:</b>		
Change in trade payables and other current liabilities	(4.74)	(91.28)
Change in other current financial liabilities	(13.23)	(54.23)
Change in provisions	-	(9.90)
Change in trade receivables	-	10.66
Change in other current assets	23.13	35.62
<b>Cash used in operations</b>	<b>(0.01)</b>	<b>(137.34)</b>
Direct tax paid	-	(7.20)
<b>Net cash used in operating activities</b>	<b>(A) (0.01)</b>	<b>(144.55)</b>
<b>Cash flows from investing activities</b>		
Sale of assets	-	351.68
<b>Net cash generated from investing activities</b>	<b>(B) -</b>	<b>351.68</b>
<b>Cash flows from financing activities</b>		
Repayment of loan from related party	-	(202.25)
Interest on loan from related party	-	(4.27)
<b>Net cash used in financing activities</b>	<b>(C) -</b>	<b>(206.52)</b>
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>(0.01)</b>	<b>0.60</b>
Cash and cash equivalents at the beginning of the period	32.89	32.29
<b>Cash and cash equivalent at the end of the period (refer note 6)</b>	<b>32.88</b>	<b>32.89</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	-	-
Balances with bank - on current account	32.88	32.89
<b>Cash and cash equivalent at the end of the period (refer note 6)</b>	<b>32.88</b>	<b>32.89</b>

Refer note 27 for reconciliation of liabilities arising from Company's financing activities

Summary of material accounting policies and explanatory information 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

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

Sd/-

**Abhishek Kanoi**

Director

DIN 03129842

Bengaluru

May 14, 2024

Sd/-

**Raamann Ahuja**

Director

DIN 06577212

New Delhi

May 14, 2024

DIZBI Private Limited  
Statement of changes in equity for the period ended March 31, 2024

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

A. Equity share capital		
Particulars	Number of shares	Amount
Balance as at April 1, 2022	10,000	1.00
Changes during the year	-	-
Balance as at March 31, 2023	10,000	1.00
Changes during the year	-	-
Balance as at March 31, 2024	10,000	1.00

B. Other equity	Reserve and surplus			Total Equity
	Retained Earning	Other comprehensive Income	Other contribution from Holding Company	
Balance as at April 1, 2022	52.36	3.15	5.92	61.43
Profit for the period	(58.06)	-	-	(58.06)
Balance as at March 31, 2023	(5.70)	3.15	5.92	3.37
Profit for the period	(0.86)	-	-	(0.86)
Balance as at March 31, 2024	(6.56)	3.15	5.92	2.51

Summary of material accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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

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

Sd/-  
Lokesh Khemka  
Partner  
Membership Number: 067878

Sd/-                      Sd/-  
Abhishek Kanoi      Raamann Ahuja  
Director                Director  
DIN 03129842        DIN 06577212

Bengaluru  
May 14, 2024

Mumbai                      New Delhi  
May 14, 2024                May 14, 2024

# DIZBI Private Limited

## Summary of material accounting policies and other explanatory information

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### Note 1: Corporate information

DIZBI Private Limited (hereinafter referred as 'the Company') was incorporated on May 23, 2020 and has its registered office at No. 1637, Suprabha, 19th Cross, 4th Main, Sector 7, HSR Layout, Bengaluru - 560102, Karnataka. The Company is engaged in business of providing information technology enabled services.

The financial statements of the Company for the period April 01, 2023 to March 31, 2024 were approved by the Board of Directors and authorized for issue on May 14, 2024.

### Note 2: Statement of compliance

The financial statements have been prepared as a going concern in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2021 as amended and other relevant provisions of the Companies Act, 2013, as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### Basis of preparation and presentation

The financial statements have been prepared on the historical cost convention on accrual basis. The financial statements are presented in ₹ and all values are rounded to the nearest thousands except where otherwise stated.

#### Recent accounting Pronouncement

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2024, MCA has not notified any new standards applicable to the company.

### Note 3: Material accounting policies

#### 3.1 Material accounting judgements, estimates and assumptions

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

#### Judgements:

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

#### Estimates and Assumptions:

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

#### i) Impairment of financial assets

The impairment provisions for financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

## DIZBI Private Limited

### Summary of material accounting policies and other explanatory information

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#### Note 3: Material accounting policies (Cont'd)

##### 3.2 Operating cycle

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

##### 3.3 Current versus non-current classification

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

###### **Assets:**

An asset is treated as current when it is:

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

All other assets are classified as non-current.

###### **Liabilities:**

A liability is current when:

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

All other liabilities are classified as non-current.

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

##### 3.4 Foreign currency transaction

###### **Functional and presentation currency**

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

###### **Initial recognition**

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

###### **Measurement at the reporting date**

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

##### 3.5 Revenue recognition

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

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

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

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

###### **Other income**

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

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

##### 3.6 Financial instruments

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

###### **(a) Financial assets**

###### **(i) Initial recognition and measurement**

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

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

## DIZBI Private Limited

### Summary of material accounting policies and other explanatory information

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#### Note 3: Material accounting policies (Cont'd)

##### 3.6 Financial instruments (Cont'd)

##### (ii) Classification and subsequent measurement

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

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

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

##### •Financial assets carried at amortised cost

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

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

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

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

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

##### • Equity investment

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

##### De-recognition

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

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

##### (b) Financial liabilities

##### Initial recognition and measurement

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

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

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

##### Subsequent measurement

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

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

##### De-recognition

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

##### (c) Offsetting of financial instruments

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

##### 3.7 Impairment of financial assets

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

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

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

# DIZBI Private Limited

## Summary of material accounting policies and other explanatory information

### Note 3: Material accounting policies (Cont'd)

#### 3.8 Fair value measurement

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

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

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

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

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

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

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

#### 3.9 Taxes on income

##### **Current income tax**

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

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

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

##### **Deferred Tax**

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

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

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

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

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

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

#### 3.10 Cash and cash equivalents

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

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

#### 3.11 Earnings per share (EPS)

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

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

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

#### 3.12 Segment reporting

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

**DIZBI Private Limited**

Notes to the financial statements for the period ended March 31, 2024

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

**Note 4 : Property, plant and equipment**

Particulars	Computers
<b>Gross carrying amount</b>	
Balance as at April 1, 2022	6.34
Disposals during the year	(6.34)
<b>Balance as at March 31, 2023</b>	-
Additions/disposals during the year	-
<b>Balance as at March 31, 2024</b>	-
<b>Accumulated Depreciation</b>	
Balance as at April 1, 2022	2.01
Disposals during the year	(2.01)
<b>Balance as at March 31, 2023</b>	-
Depreciation during the year	-
<b>Balance as at March 31, 2024</b>	-
<b>Net block</b>	
Balance at March 31, 2024	-
Balance at March 31, 2023	-

**Note 5 : Other intangible assets**

Particulars	Computer software
<b>Gross carrying amount</b>	
Balance as at April 1, 2022	500.63
Disposals during the year	(500.63)
<b>Balance as at March 31, 2023</b>	-
Additions/disposals during the year	-
<b>Balance as at March 31, 2024</b>	-
<b>Amortization</b>	
Balance as at March 31, 2022	126.45
Amortization during the year	26.83
Disposals during the year	(153.28)
<b>Balance as at March 31, 2023</b>	-
Amortization during the year	-
<b>Balance as at March 31, 2024</b>	-
<b>Net block</b>	
Balance at March 31, 2024	-
Balance at March 31, 2023	-

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Note 6 : Cash and cash equivalents</b>		
Balances with banks:		
- Current account	32.88	32.89
<b>Total</b>	<b>32.88</b>	<b>32.89</b>

**Note 7 : Other current assets**

(Unsecured, considered good, unless otherwise stated)

Balance with government authorities	-	18.91
Dues from related party (refer note 20)	-	3.93
Advances to employees	-	0.29
<b>Total</b>	<b>-</b>	<b>23.13</b>

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

<b>Note 8 : Share capital</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Authorised</b>		
50,000 equity shares of ₹ 10 each*	5.00	5.00
	<b>5.00</b>	<b>5.00</b>
<b>Issued, subscribed and paid up</b>		
10,000 equity shares of ₹ 10 each*	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>

**a) Reconciliation of issued and subscribed share capital:**

	<b>No. of shares*</b>	<b>Amount</b>
<b>Balance as at April 1, 2022</b>	10,000	1.00
Changes during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>10,000</b>	<b>1.00</b>
Changes during the year	-	-
<b>Balance as at March 31, 2024</b>	<b>10,000</b>	<b>1.00</b>

**b) Terms/ rights attached to equity shares:**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) The Company has not issued any bonus shares or any shares for consideration other than cash during five years immediately preceding March 31, 2024.

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

<b>Particulars</b>	<b>As at March 31, 2024</b>		<b>As at March 31, 2023</b>	
	<b>No. of shares*</b>	<b>Holding %</b>	<b>No. of shares*</b>	<b>Holding %</b>
PDS Limited	9,999	100%	9,999	100%

**e) Details of equity shares held by the holding company**

<b>Particulars</b>	<b>As at March 31, 2024</b>		<b>As at March 31, 2023</b>	
	<b>No. of shares*</b>	<b>Holding %</b>	<b>No. of shares*</b>	<b>Holding %</b>
PDS Limited	9,999	100%	9,999	100%

**f) Details of shareholding of promoters:**

<b>Particulars</b>	<b>Name of shareholder</b>	<b>No. of shares*</b>	<b>% of total shares</b>	<b>% change</b>
As at March 31, 2024	PDS Limited	9,999	99.99%	0.00%
As at March 31, 2023	PDS Limited	9,999	99.99%	0.00%

\* The Number of shares are given in absolute numbers.

<b>Note 9 : Other equity</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Retained earnings (refer note (i) below)	(6.56)	(5.70)
Other comprehensive income (refer note (ii) below)	3.15	3.15
Other contribution from Holding Company(refer note (iii) below)	5.92	5.92
<b>Balance as at the end of the year</b>	<b>2.51</b>	<b>3.37</b>

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

(i) Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserve, if any, dividend and other distributions made to the shareholders.

(ii) Other comprehensive income represent the cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

(iii) The Holding Company has established share based payment plans for certain categories of employees of its subsidiaries. (refer note 26 for further details on these plans.

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

**Note 10 : Trade payables**

	As at March 31, 2024	As at March 31, 2023
- Total outstanding dues to micro enterprises and small enterprises(refer note 'a' and 'b' below)	-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises	1.26	5.60
<b>Total</b>	<b>1.26</b>	<b>5.60</b>

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

	As at March 31, 2024	As at March 31, 2023
- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

b) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company.

c) Ageing analysis:

Ageing as at March 31, 2024:

Particulars	Accrued liabilities	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years
-Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
-Total outstanding dues to parties other than micro enterprises and small enterprises	1.26	-	-	-	-
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small	-	-	-	-	-
<b>Total</b>	<b>1.26</b>	-	-	-	-

Ageing as at March 31, 2023:

Particulars	Accrued liabilities	Outstanding for following periods from due date of payment			
		Less than 1 year	1-2 years	2-3 years	More than 3 years
-Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
-Total outstanding dues to parties other than micro enterprises and small enterprises	5.60	-	-	-	-
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-
<b>Total</b>	<b>5.60</b>	-	-	-	-

Particulars	As at March 31, 2024	As at March 31, 2023
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**Note 11 : Other current financial liabilities**

Dues to related parties (refer note 20)

	28.11	41.35
<b>Total</b>	<b>28.11</b>	<b>41.35</b>

**Note 12 : Other current liabilities**

Statutory dues

	-	4.70
<b>Total</b>	<b>-</b>	<b>4.70</b>

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Note 13 : Other income</b>		
Liabilities no longer required written back	4.30	2.22
Foreign exchange fluctuation (net)	-	0.15
	<b>4.30</b>	<b>2.37</b>
<b>Note 14 : Employee benefits expense</b>		
Salaries, wages and bonus	-	18.68
	<b>-</b>	<b>18.68</b>
<b>Note 15 : Finance cost</b>		
Interest on loan from related party	-	4.27
	<b>-</b>	<b>4.27</b>
<b>Note 16 : Depreciation and amortization expense</b>		
Amortization of intangible assets (refer note 5)	-	26.83
	<b>-</b>	<b>26.83</b>
<b>Note 17 : Other expenses</b>		
SAP expenses	-	3.31
Auditor's remuneration (refer note 'a' below)	0.75	1.00
Legal and professional expenses	-	2.97
Cloud hosting and storage charges	-	2.06
Rates and taxes	4.12	0.06
Travelling and conveyance	-	0.08
Bank charges	0.01	0.02
Miscellaneous expenses	0.28	0.03
	<b>5.16</b>	<b>9.53</b>
<b>a) Details of payment made to auditors is as follows:(excluding taxes)</b>		
<b>As auditor:</b>		
- Statutory audit fee	0.75	1.00
<b>Total</b>	<b>0.75</b>	<b>1.00</b>

**Note 18 : Loss per share (EPS)**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to the equity holders (in ₹)	(0.86)	(58.06)
Weighted average number of equity shares for basic and diluted EPS (in ₹)	10,000	10,000
<b>Basic and diluted earnings per share(in ₹) (face value ₹ 10 per share)</b>	<b>(8.59)</b>	<b>(580.57)</b>

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

**Note 19: Income Tax****Income tax expense in the Statement of Profit and Loss**

The major components of income tax expense for the year ended March 31, 2024 and March 31, 2023 are:

<b>Statement of profit and loss:</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
<b>Tax expense:</b>		
a) Current tax	-	-
b) Deferred tax charge	-	1.12
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>-</b>	<b>1.12</b>

**Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for March 31, 2024 and March 31, 2023:**

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
<b>Accounting profit before tax</b>	<b>(0.86)</b>	<b>(56.94)</b>
At Company's statutory income tax rate of 25.168%	(0.22)	(14.33)
Business loss on which no deferred tax was created	1.30	13.53
Others	(1.08)	1.92
<b>At the effective income tax rate</b>	<b>-</b>	<b>1.12</b>

**Income tax recognised in other comprehensive income:**

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Net gain on remeasurements of defined benefit plans	-	-
<b>Net amount charged to OCI</b>	<b>-</b>	<b>-</b>

In accordance with Ind AS 12 "Income Taxes", the Company has not recognised deferred tax asset in respect of temporary differences of business losses and unabsorbed depreciation in the absence of convincing evidence pertaining to the recoverability of the tax assets.

Details of Unused tax losses for which no deferred tax asset has been recognised:

<b>Nature of loss/allowance</b>	<b>Amount</b>	<b>Expiry Date</b>
Business loss (AY 24-25)	5.16	AY 2032-33
Business loss (AY 23-24)	32.32	AY 2031-32
Short term capital Loss (AY 23-24)	21.42	AY 2031-32

DIZBI Private Limited
Notes to the financial statements for the period ended March 31, 2024

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

Note 20 : Related party

a) List of related parties

Name of related party	Nature of relationship
PDS Limited	Holding company
Jcraft Array Limited	Fellow subsidiary
LillyandSid Limited	Fellow subsidiary
Nor Lanka Manufacturing Colombo Limited	Fellow subsidiary
Norwest Industries Limited	Fellow subsidiary
Progress Manufacturing Group Limited	Fellow subsidiary
Sourcing Solutions Limited	Fellow subsidiary
Mr. Omprakash Makam Suryanarayan Setty (Director) (Resigned w.e.f March 25, 2023)	Key managerial personnel
Mr. Ghanshyam Periwal (Director) (Resigned w.e.f March 25, 2023)	
Mr. Abhishekh Kanoi (Director w.e.f March 25,2023)	
Mr. Raamaann Ahuja (Director w.e.f March 25,2023)	
Mr. Narayanarao DakavarapuSuresh (Executive Director)	

b) Transactions with related parties

Name of related party	Relationship	Nature of transaction	Year ended March 31, 2024	Year ended March 31, 2023
PDS Limited (PDS Multinational Fashions Limited)	Holding company	Interest on loan taken	-	4.27
		Sales of assets	-	414.98

c) Year end payable balances of related parties

Name of related party	Relationship	Nature of transaction	As at March 31, 2024	As at March 31, 2023
PDS Limited	Holding company	Due to related parties	28.11	38.20
Nor Lanka Manufacturing Colombo Limited	Fellow subsidiary	Due to related parties	-	3.15

d) Year end receivable balances of related parties

Name of related party	Relationship	Nature of transaction	As at March 31, 2024	As at March 31, 2023
Jcraft Array Limited	Fellow subsidiary	Dues from related parties	-	0.46
LillyandSid Limited	Fellow subsidiary	Dues from related parties	-	0.21
Progress Manufacturing Group Limited	Fellow subsidiary	Dues from related parties	-	0.73
Sourcing Solutions Limited	Fellow subsidiary	Dues from related parties	-	0.74
Norwest Industries Limited	Fellow subsidiary	Dues from related parties	-	1.78

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

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024****(All amounts in ₹ in lakhs, unless otherwise stated)****Note 21: Capital management**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**The Company's capital and adjusted net debt position is given below:**

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings	-	-
Less: Cash and cash equivalents (refer note 6)	(32.88)	(32.89)
<b>Adjusted net debt (A)</b>	<b>(32.88)</b>	<b>(32.89)</b>
Equity share capital (refer note 8)	1.00	1.00
Other equity (refer note 9)	(6.56)	(5.70)
<b>Total capital (B)</b>	<b>(5.56)</b>	<b>(4.70)</b>
<b>Capital and net debt (A+B)</b>	<b>(38.43)</b>	<b>(37.58)</b>

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

b) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023.

**Note 22 : Fair value disclosure****a) The carrying amounts of financial assets by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents (refer note 6)	32.88	32.89
<b>Total</b>	<b>32.88</b>	<b>32.89</b>

**a) The carrying amounts of financial liabilities by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial liabilities measured at amortised cost</b>		
Trade payables (refer note 10)	1.26	5.60
Other financial liabilities (refer note 11)	28.11	41.35
<b>Total</b>	<b>29.37</b>	<b>46.95</b>

The fair value of cash and bank balances, trade payable and other financial liabilities are considered to be equal to the carrying amount of these items due to their short term nature.

**Note 23 : Fair value Hierarchy**

All financial instruments for which fair values is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

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

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

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024****(All amounts in ₹ in lakhs, unless otherwise stated)****Note 24: Financial risk management objectives and policies**

The Company's principal financial liabilities comprises trade payables and dues to related party. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's principal financial assets includes cash and cash equivalents.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior level personnel oversees the management of these risks.

**A. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have borrowings and hence no interest risk exists. The Company has not entered into any transaction which is denominated in foreign currency and hence no foreign currency risk exists.

**B. Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. It maintains adequate sources of financing including loans from banks at an optimized cost.

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

<b>As at March 31, 2024</b>	<b>Less than 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Trade payables (refer note 10)	1.26	-	-	1.26
Other financial liabilities (refer note 11)	28.11	-	-	28.11
<b>Total</b>	<b>29.37</b>	<b>-</b>	<b>-</b>	<b>29.37</b>

<b>As at March 31, 2023</b>	<b>Less than 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Trade payables (refer note 10)	5.60	-	-	5.60
Other financial liabilities (refer note 11)	41.35	-	-	41.35
<b>Total</b>	<b>46.95</b>	<b>-</b>	<b>-</b>	<b>46.95</b>

**C. Credit risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Company 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 Company does not have any trade receivables at the year end.

For cash & cash equivalents- Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents is evaluated as very low.

The Company does not have any financial asset other than cash and cash equivalent and hence no credit risk exists.

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

**Note 25: Commitments and Contingencies**

There is no contingent liability and capital commitments as at March 31, 2024 (March 31, 2023: Nil).

**Note 26 : Employee Share based Payments**

On April 3, 2021, PDS Limited (the "Holding Company") established the PDS Multinational Fashions Limited – Employee Stock Option Plan 2021 – Plan A ('Plan A') in which entitles key managerial personnel and senior employees are entitled to purchase shares of the Company. On July 27, 2021, the Holding Company established the PDS Multinational Fashions Limited Employee stock option plan 2021 – Plan B ('Plan B') through direct and through trust route for other KMP and senior employees. The plans are designed to provide incentives to the employees of the Company to deliver long-term returns. Vesting of the options would be subject to continuous employment with the Company and hence the options would vest with passage of time. The fair value per share of ESOP is determined based on the closing price of Holding Company's share on the date of grant. The fair value of the options is estimated using the Black-Scholes-Merton option-pricing model.

Options granted under the plan are for no consideration and carry no dividend or voting rights. On exercise, each option is convertible into one equity share. The key terms and conditions related to the grants under these plans are as follows; all options are to be settled by the delivery of shares.

Grant Date	Number of Instruments	Exercise Price	Vesting period	Exercise Period
FY 21-22#	25,000	219.00	1-4 years	4 years post vesting period

**(i) Measurement of fair value**

The Fair value of ESOPs granted under Plan A and Plan B have been measured using the Black-Scholes option-pricing model using the following assumptions, sorted according to their grant dates:

Particulars	As at March 31, 2024	As at March 31, 2023
Weighted average Grant date fair value, per share	NA	324.77
Weighted average Exercise price, per share	NA	255.00
<b>Assumptions used:</b>		
Volatility	NA	36% - 37%
Expected lives ( In years)	NA	1.50 - 5.00
Risk Free Interest rates	NA	6.89% - 7.19%
Dividend Yield Rate	NA	1.40% - 1.51%

Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during 5 years before the date of Grant. The ultimate Head Company believes that such measure of volatility is currently the best available indicator of the expected volatility used in these estimates.

The expected life of the ESOP is estimated based on the vesting term and contractual term of the ESOP, as well as expected exercise behaviour of the employee who receives the ESOP.

Risk-free interest rates are determined using the implied yield currently available for India government issues with a remaining term equal to the expected life of the options.

Expected dividend yields are based on the annualised approved dividend rate and the market price of 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.

The fair value per share of ESOP is determined based on the closing price of Holding Company's share on the date of grant.

**(i) Summarized Movement**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Number of Options	Weighted average exercise price (INR)	Number of Options	Weighted average exercise price (INR)
Opening Balance	-	-	25,000.00	219.00
Granted / Transferred during the year	-	-	-	-
Adjustment due to stock split#	-	-	-	-
Vested during the year	-	-	-	-
Forfeited/ transfer in/ out during the year	-	-	25,000.00	219.00
<b>Closing balance</b>	-	-	-	-

The Company has charged share based payment expense recognised in the statement of profit and loss in respect of the above plans is ₹ Nil (March 31, 2023 : ₹ Nil).

**DIZBI Private Limited****Notes to the financial statements for the period ended March 31, 2024****Note 27: Reconciliation of liabilities arising from Company's financing activities**

Particulars	As at	Cash flow		As at
	March 31, 2022	Interest expense	Repayment	March 31, 2023
Borrowings	202.25	4.27	(206.52)	-
	<b>202.25</b>	<b>4.27</b>	<b>(206.52)</b>	<b>-</b>

**Note 28: Ratio Analysis**

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variance	Reason for Variance
Current ratio	Total current assets	Total current Liabilities	1.12	1.08	3%	NA
Trade payable turnover ratio	Expenses during the year	Average trade payables	1.50	1.69	-11%	NA
Return on equity ratio (in %)	Net profit after taxes less Preference dividend (if any)	Average total equity	-21.78%	-173.81%	-87%	Due to decrease in loss during the year
Return on capital employed (in %)	Profit before tax and finance costs	Capital employed = net worth + deferred tax liabilities	-24.44%	-1204.49%	-98%	Due to decrease in loss during the year

**Note 29: Additional information, as required under Schedule III Companies Act, 2023**

- (a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company does not have any transactions with companies struck off.
- (c) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- (d) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (e) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (f) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

**Note 30 : Audit Trail**

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company uses the accounting software for maintaining its books of account. During the year ended 31 March 2024, the Company had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as it would impact database performance significantly. Audit trail (edit log) is enabled at the application level as part of standard framework and the Company's users have access to perform transactions only from the application level.

**Note 31:** No events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2024

**Note 32:** The previous year's figures have been regrouped/ rearranged wherever necessary, to make them comparable to those of current year.

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

**For and on behalf of Board of Directors of**

DIZBI Private Limited

Sd/-

**Abhishek Kanoi**

Director

DIN 03129842

Mumbai

May 14, 2024

Sd/-

**Raamann Ahuja**

Director

DIN 06577212

New Delhi

May 14, 2024

**INDEPENDENT AUDITOR'S REPORT  
AND  
AUDITED FINANCIAL STATEMENTS  
OF**

**GoodEarth Apparels Ltd.**

**As at and for the year ended 31 March 2024**

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF GoodEarth Apparels Ltd.**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of GoodEarth Apparels Ltd. (The company) which comprise the statement of financial position as at 31 March, 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the company gives true and fair view view of the financial position of the company as at 31 March, 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with the Company Act 1994 and other applicable rules and regulations.

**Basis for opinion**

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

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC:

Place: Dhaka  
Date: 24 April 2024

**GoodEarth Apparels Ltd.**  
**Statement of Financial Position**  
**As at 31 March 2024**

		As at 31 March 2024	As at 31 March 2023
	Notes	Amounts in BDT	
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4.00	984,172,685	896,990,342
Intangible assets	5.00	30,222,444	42,108,718
IFRS- Right to use assets	6.00	14,147,951	20,707,439
Capital work in progress	7.00	5,020,265	7,125,749
Deferred tax assets	8.00	50,798,604	43,356,275
		<u>1,084,361,948</u>	<u>1,010,288,523</u>
<b>Current assets</b>			
Inventory	9.00	573,190,156	565,602,310
Advances, deposits and prepayments	10.00	209,165,220	241,515,087
Accounts receivable	11.00	163,008,366	132,422,367
Inter company receivables	12.00	365,658,114	890,572,592
Cash and cash equivalents	13.00	261,103,739	215,813,609
		<u>1,572,125,594</u>	<u>2,045,925,965</u>
<b>Total assets</b>		<u>2,656,487,543</u>	<u>3,056,214,488</u>
<b>Shareholders' equity &amp; liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	14.00	50,699,300	50,699,300
Share money deposit	15.00	-	840,238,135
Preference Share Capital	16.00	1,722,077,500	845,437,700
Retained earnings		(368,454,729)	(400,245,927)
OCI Reserve for actuarial difference		7,198,119	7,198,119
		<u>1,411,520,190</u>	<u>1,343,327,327</u>
<b>Liabilities</b>			
<b>Long term liabilities</b>			
Post-retirement benefit obligation	17.00	29,917,641	29,696,348
Non-current portion of lease liability	18.00	8,559,652	16,403,933
		<u>38,477,293</u>	<u>46,100,281</u>
<b>Current liabilities</b>			
Current portion of lease liability	18.01	7,136,000	5,016,000
Secured short term bank borrowings	19.00	56,721,193	53,809,601
Trade and other payables	20.00	1,007,194,772	796,387,680
Contract Liability	21.00	-	133,518,229
Inter company payables	22.00	135,438,096	678,055,369
		<u>1,206,490,061</u>	<u>1,666,786,880</u>
<b>Total liabilities</b>		<u>1,244,967,354</u>	<u>1,712,887,161</u>
<b>Total shareholders' equity &amp; liabilities</b>		<u>2,656,487,543</u>	<u>3,056,214,488</u>

**FOOTNOTES:**

1. Auditors' Report - Page 1.
2. The accompanying notes 1-35 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

**Kaustav Gupta**  
VP-Finance and Reporting  
GoodEarth Apparels Limited

**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

**Muhammad Shahed Mahmud**  
Director  
GoodEarth Apparels Limited

DVC:

Place: Dhaka, Bangladesh  
Date: 24 April 2024



**GoodEarth Apparels Ltd.**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 March 2024**

	Notes	For the year ended	
		31 March 2024	31 March 2023
		BDT	BDT
<b>Revenue</b>			
Export sales	23.00	2,958,456,382	3,351,993,628
Less: cost of good sold	24.00	2,434,872,058	2,764,721,674
<b>Gross profit</b>		<b>523,584,324</b>	<b>587,271,954</b>
Other income	25.00	28,744,636	35,525,617
		<b>552,328,960</b>	<b>622,797,570</b>
<b>Operating expenses</b>			
Administrative expenses	26.00	317,551,703	337,613,275
Marketing & selling expenses	27.00	82,579,039	110,833,659
Operating depreciation	28.00	67,388,856	44,578,043
		<b>467,519,598</b>	<b>493,024,977</b>
<b>Operating Profit/(Loss)</b>		<b>84,809,362</b>	<b>129,772,594</b>
Financial Expenses	29.00	16,014,936	18,323,272
<b>Profit/(Loss) before tax</b>		<b>68,794,426</b>	<b>111,449,322</b>
Income tax expenses	30.00	37,003,228	37,038,222
<b>Profit/(Loss) After tax</b>		<b>31,791,198</b>	<b>74,411,100</b>
Other comprehensive income for the period		-	-
Actuarial gain/(loss)	31.00	(3,575,753)	(939,060)
<b>Total comprehensive loss for the period</b>		<b>28,215,445</b>	<b>73,472,040</b>

**FOOTNOTES:**

1. Auditors' Report - Page 1.
2. The accompanying notes 1-35 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

**Kaustav Gupta**  
VP-Finance and Reporting  
GoodEarth Apparels Limited

**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

**Muhammad Shahed Mahmud**  
Director  
GoodEarth Apparels Limited

DVC:

Place: Dhaka, Bangladesh  
Date: 24 April 2024



GoodEarth Apparels Ltd.  
Statement of Changes in Shareholder's Equity  
For the year ended 31 March 2024

Particulars	Amounts in BDT					Total
	Share capital	Retained earnings	OCI Reserve for actuarial difference	Share money deposit	Preference Share Capital	
Balance as at 31 March 2022	50,699,300	(473,718,126)	6,259,059	524,303,860	845,437,700	952,981,794
Addition during the period						
Share capital	-	-	-	-	-	-
Preference Share Capital	-	-	-	-	-	-
Share money deposit	-	-	-	315,934,275	-	315,934,275
Total comprehensive loss for the period	-	73,472,040	939,060	-	-	74,411,100
Prior year adjustment	-	158	-	-	-	158
Balance as at 31 March 2023	50,699,300	(400,245,927)	7,198,119	840,238,135	845,437,700	1,343,327,327
Addition during the period						
Share capital	-	-	-	-	-	-
Preference Share Capital	-	-	-	-	876,639,800	876,639,800
Share money deposit	-	-	-	(840,238,135)	-	(840,238,135)
Total comprehensive loss for the period	-	31,791,198	-	-	-	31,791,198
Balance as at 31 March 2024	50,699,300	(368,454,729)	7,198,119	0	1,722,077,500	1,411,520,191

FOOTNOTES:

1. Auditors' Report - Page 1.
2. The accompanying notes 1-35 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

A.Qasem & Co.  
Chartered Accountants  
RJSC Firm Registration Number: PF1015

Kaustav Gupta  
VP-Finance and Reporting  
GoodEarth Apparels Limited

Ziaur Rahman Zia FCA  
Partner  
Enrolment Number: 1259

Muhammad Shahed Mahmud  
Director  
GoodEarth Apparels Limited

DVC:

Place: Dhaka, Bangladesh  
Date: 24 April 2024



**GoodEarth Apparels Ltd.**  
**Statement of Cash Flows**  
**For the year ended 31 March 2024**

	Notes	31 March 2024 BDT	31 March 2023 BDT
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax		68,794,426	111,449,322
<b>Adjustment for Non cash items</b>			
Depreciation	4.00	107,813,745	88,285,359
Interest Expense	28.00	995,719	2,939,320
<b>Changes in working capital</b>			
<b>(Increase)/decrease in current assets</b>			
(Increase)/decrease in inventories		(7,587,846)	(127,978,205)
(Increase)/decrease in advances, deposits and prepayments		32,349,867	(14,824,684)
(Increase)/decrease in receivables		(30,585,999)	40,536,946
(Increase)/decrease in inter-company receivables		524,914,479	(119,233,679)
<b>Increase/(decrease) in current liabilities</b>			
Increase/(decrease) in trade and other payable		210,807,092	(74,804,639)
Increase/(decrease) in inter-company payable		(542,617,274)	210,764,423
Increase/(decrease) post-retirement benefit obligation		221,293	1,416,775
Increase/(decrease) contract liability (Sales Advance from Affiliates)		(133,518,229)	(37,186,220)
<b>Cash generated from operating activities</b>		<b>231,587,273</b>	<b>79,431,709</b>
Interest paid		-	(2,939,320)
Tax paid		50,890,076	29,011,910
<b>Net cash flows from operating activities</b>		<b>180,697,197</b>	<b>50,419,799</b>
<b>Cash flows from investing activities</b>			
Payment for Assets		(180,271,475)	(36,488,426)
<b>Net cash used in investing activities</b>		<b>(180,271,475)</b>	<b>(36,488,426)</b>
<b>Cash flows from financing activities</b>			
Increased share capital		-	-
Increased Preference Share Capital		876,639,800	-
Increased share money deposit		(840,238,135)	315,934,275
Payment for lease liability		(6,720,000)	(5,268,999)
Secured short term bank borrowings		2,911,593	44,020,087
Short Term Inter Company Loan		-	(85,000,000)
<b>Net cash generated by financing activities</b>		<b>32,593,258</b>	<b>269,685,363</b>
<b>Net change in cash and cash equivalents</b>		<b>33,018,980</b>	<b>283,616,737</b>
Cash and cash equivalents at the beginning of the period		215,813,609	88,182,871
<b>Cash and cash equivalents at the end of the period</b>		<b>248,832,590</b>	<b>371,799,609</b>
<b>Represented by:</b>			
Cash at bank		237,478,359	297,225,475
Cheque in hand		234,300	3,800
Fund In Transit		-	2,485,506
Cash in hand		1,019,438	72,084,828
		<b>238,732,097</b>	<b>371,799,609</b>

**FOOTNOTES:**

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**Kaustav Gupta**  
VP-Finance and Reporting  
GoodEarth Apparels Limited

**Muhammad Shahed Mahmud**  
Director  
GoodEarth Apparels Limited



**GoodEarth Apparels Ltd.**  
**Notes to the financial statements**  
**As at and for the year ended 31 March 2024**

**1.00 Significant accounting policies and other material information**

**1.01 Company profile**

GoodEarth Apparels Ltd. (the "Company") changed from Green Smart Shirts Limited as on 6 November 2023 wide letter issue no. 400508 from RJSC&F was incorporated in Bangladesh on 6 May 2016 as a private company limited by shares under the Companies Act, 1994 with its registered office located at Doyal Centre, 3rd Floor, Suite No. A+B., 15, Sonargoan Janapath, Sector - 13, Uttara, Dhaka, PO :1230, The factory is located at Tepirbari, Mowna, Sreepur,

**1.02 Nature of business**

The principal activity of the Company is to manufacture and trade in ready made garments for 100% export.

**2.00 Basis of preparation and significant accounting policies**

**2.01 Statement of compliance**

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice followed in Bangladesh in compliance with The Companies Act 1994,

**2.02 Functional and presentational currency and level of precision**

The financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. Financial information presented in BDT have been rounded off to the nearest BDT.

**2.03 Use of estimates and judgment**

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

**2.04 Reporting period**

The financial report covers the period from 01 April 2023 to 31 March 2024.

**2.05 Consistency of presentation**

The presentation and classification of all items in the financial statements have been retained from one year to another year unless where it is apparent that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies or changes as required by another IFRSs.

**2.06 Authorization for issue**

The financial statements were authorised for issue by the Board of Directors on, 25 April 2024.

**2.07 Comparative information**

Comparative information has been disclosed in respect of the previous year for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements. Certain figures for previous period have been rearranged wherever considered necessary, as to ensure better comparability with the current period financial and to comply with relevant IASs.



## **2.08 Preparation and presentation of financial statements of the company**

The Management of the company is responsible for the preparation and presentation of the financial statements of the company.

## **2.09 Components of the financial statements**

According to the International Accounting Standard IAS-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- i) Statement of financial position as at 31 March 2024.
- ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2024.
- iii) Statement of changes in shareholder's equity for the year ended 31 March 2024.
- iv) Statement of cash flows for the year ended 31 March 2024.
- v) Notes to the financials Statements including significant accounting policies.

## **3.00 Summary of significant accounting policies**

### **3.01 Principle of accounting policies**

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements.

### **3.02 Accrual basis of accounting**

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable International Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

### **3.03 Going concern**

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern.

### **3.04 Statement of cash flows**

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the indirect method.

## **3.05 Accounting policies, changes in accounting estimates and errors**

### **Accounting policies**

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements.

An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented.

Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior years.

### **Accounting estimates**

The preparation of financial statements requires many estimates to be made on the basis of latest available and reliable information.

The effect of a change in accounting estimates should therefore be recognized prospectively.

### **Prior year errors**

A prior year error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue.



### 3.06 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material. There are no material events after reporting date which required judgement or disclosure in the financial statement

### 3.07 Taxation

#### Current tax

As an export oriented private limited company, applicable tax rate for the company is 0.6% on gross receipts, or, 10% on net profit, or, tax deducted at source - whichever is higher. As tax deducted at source is higher than others, It is considered as final settlement.

#### Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is 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.

### 3.08 Recognition of Property, plant and equipment

#### Recognition and measurement

According to IAS 16 "Property, Plant and Equipment" items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Part of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

#### Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

#### Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation cost, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Company.

#### Depreciation

No depreciation is charged on capital work in progress (CWIP) as CWIP is not yet available for use. Depreciation on other items of property plant and equipment is recognized on reducing balance or WDV basis over the estimated useful lives of each item of property, plant and equipment. For addition to property, plant and equipment, depreciation method, useful lives and residual balance are reviewed each reporting date and adjusted if appropriate.



The rate of depreciation varies according to the estimated useful lives of the items of property, plant and equipment. The depreciation rates for the current year are as follows:

Class of assets	Depreciation rate
Freehold Land	0%
Plant & Machinery	10%
Furniture & Fixtures	10%
Office Equipments	10%
Freehold Building	5%
Other Equipments	10%
IT Equipments	33%
Motor Vehicles	20%
Telephone Installation & Connection	10%
Fire Protection & Prevention Equipments	10%
Air Conditioners	10%
Electrical Installation	10%
Original cost-Other Low Value Assets	100%
Software/ERP	25%
Design & Product Development	25%

### 3.09 Inventories

Inventories are valued at the average of cost and net realizable value as per IAS 2, after making due allowance for obsolete, rejection and slow moving items. Cost is valued using weighted average method. Net realizable value is the price at which inventories can be sold in the ordinary course business less the estimated cost of completion and the estimated cost necessary to make the sale.

### 3.10 Revenue recognition

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding taxes, and reduced by any rebates and trade discounts allowed as per IFRS-15.

Revenues are recognized when the risks and rewards of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return can be estimated reliably and there is no continuing management involvement with the sale of goods or service provided.

### 3.11 Interest income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit or loss and other comprehensive income.

### 3.12 Transaction with related parties

The company carried out a number of transactions with related parties in the course of business and on arms length basis. Transaction with related parties has been appropriately recognized and disclosed in accordance with IAS 24 "Related Party Disclosures".

### 3.13 Foreign currency transactions

Foreign currency transactions are translated into Bangladesh Taka at the rate ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on the date. This treatment is in accordance with IAS -21: The effects of changes in foreign exchange rates, which requires all differences arising from foreign exchange transactions to be recognized in the comprehensive income statement. The closing exchange rate is considered as USD 1 = 109.40



### 3.14 Financial Instruments

#### Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### Trade receivables

Trade receivable represents the amounts due from export customers. Accounts receivable stated at original invoice amount without making any provision for doubtful debts, because of the fact that exports are being based on 100% confirmed letter credit basis with fixed maturity dates/signed sales contract or buyer's P.O. So there is no issue of expected credit loss. If it requires, The company will evaluated the same at the year end and apply IFRS 9 accordingly.

#### Trade and other payables

Trade and other payables are recognized when its contractual obligations arising from past events are certain and settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

### 3.15 Provisions and contingencies

A provision is recognized on the date of statement of financial position if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.16 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share money deposit and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

### 3.18 General comments and obligations

- a. All figures have been rounded off to the nearest BDT;
- a. Previous year's figures and head of accounts in the financial statements have been re-arranged to confirm to current year's presentation wherever necessary.



4.00 Property, plant and equipment

Particulars	Cost			Rate %	Particulars	Depreciation			Written down value
	Opening balance	Addition / transfer during the period	Disposal / Transfer Out during the period			Charged during the period	Adjustment/ disposal during the period	Closing balance	
Freehold Land	111,873,152	2,892,750	-	0%		-	-	-	114,772,902
Plant & Machinery	340,741,702	111,919,311	-	10%	Acc Dep Plant & Machinery	35,891,567	-	166,632,500	286,028,513
Furniture & Fixtures	58,873,539	935,542	-	10%	Acc Dep Furniture & Fixtures	6,023,735	-	26,878,239	32,931,842
Office Equipments	2,285,634	22,999	-	10%	Acc Dep Office Equipment	230,229	-	1,231,626	1,077,007
Freehold Building	540,939,614	49,544,677	-	5%	Acc Dep Freehold Building	28,313,077	-	132,528,345	457,955,946
Other Equipments	11,251,362	332,678	-	10%	Acc Dep Other Equipments	1,191,615	-	4,370,344	7,213,695
IT Equipments	20,773,938	3,119,594	-	33%	Acc Dep - IT Equipments	2,460,414	-	19,491,227	4,402,306
Motor Vehicles	204,000	-	-	20%	Acc Dep - Motor Vehicle	61,144	-	101,944	102,056
Telephone Installation & Connection	553,160	-	-	10%	Acc Telephone Installation & Connection	40,800	-	261,336	291,824
Fire Protection & Prevention Equipments	1,614,534	913,750	-	10%	Acc Dep - Fire Protection & Prevention Equipments	160,221	-	474,013	2,054,271
Air Conditioners	44,405,839	180,600	-	10%	Acc Air Conditioner	4,452,568	-	10,163,650	34,422,789
Electrical Installation	65,299,507	393,323	-	10%	Acc Depreciation on Electrical Installations	4,255,660	-	22,773,295	42,919,535
<b>Balance as at 31 Mar 2024</b>	<b>1,208,338,044</b>	<b>170,535,286</b>	<b>-</b>			<b>83,352,943</b>	<b>-</b>	<b>394,700,645</b>	<b>984,172,685</b>
<b>Balance as at 31 Mar 2023</b>	<b>1,140,693,277</b>	<b>68,632,279</b>	<b>(987,512)</b>			<b>78,502,747</b>	<b>(716,267)</b>	<b>311,347,702</b>	<b>896,990,342</b>

5.00 Intangible assets

Particulars	Cost			Rate %	Particulars	Depreciation			Written down value
	Opening balance	Addition / transfer during the period	Adjustment / disposal during the period			Charged during the period	Adjustment/ disposal during the period	Closing balance	
Software/ERP	41,000,836	21,567,938	-	25%	Acc Amortisation- Software/ERP	19,703,712	-	32,346,330	30,222,444
Design & Product Development	15,552,898	(15,552,898)	-	25%	Acc Amortisation of Design & Product Development	(1,802,398)	-	-	-
<b>Balance as at 31 Mar 2024</b>	<b>56,553,734</b>	<b>6,015,040</b>	<b>-</b>			<b>17,901,314</b>	<b>-</b>	<b>32,346,330</b>	<b>30,222,444</b>
<b>Balance as at 31 Mar 2023</b>	<b>12,841,492</b>	<b>43,712,242</b>	<b>-</b>			<b>4,664,695</b>	<b>-</b>	<b>14,445,016</b>	<b>42,108,718</b>

6.00 Right of use of assets

	As at 31 Mar 2024	As at 31 Mar 2023
Opening Balance	20,707,439	909,784
Addition during the period	-	24,915,572
IFRS- Depreciation Lease	6,559,488	5,117,917
IFRS- Right to use assets	<b>14,147,951</b>	<b>20,707,439</b>



		As at 31 March 2024	As at 31 March 2023
	Notes	Amounts in BDT	
<b>7.00 Capital work in progress</b>			
Opening balance		7,125,749	871,005
Addition during the period	7.01	5,020,265	18,058,784
Transfer during the period	7.02	7,125,749	11,804,040
		<b>5,020,265</b>	<b>7,125,749</b>
<b>7.01 Addition during the period</b>			
Furniture & Fixtures		467,679	7,308,756
Freehold Building		2,161,016	4,959,644
Plant and Machinery		2,391,570	4,121,327
Others		-	1,669,057
		<b>5,020,265</b>	<b>18,058,784</b>
<b>7.02 Transfer during the period</b>			
Furniture & Fixtures		-	7,944,281
Freehold Building		2,477,032	2,831,205
Plant and Machinery		2,212,151	56,270
Others		2,436,566	972,284
		<b>7,125,749</b>	<b>11,804,040</b>
<b>8.00 Deferred tax (assets)/ liabilities</b>			
<b>Opening</b>			
Deferred tax from FDR interest income		-	2,454,984
Deferred tax from property, plant & equipment (except land)	8.01	14,810,162	22,074,149
Deferred tax from lease	8.02	(154,770)	(71,249)
Deferred tax from gratuity liability excluding actuarial gain/loss	8.03	(2,797,959)	(2,378,524)
Deferred tax from business loss	8.04	(62,462,231)	(64,844,524)
<b>Deferred tax (assets)/ liabilities from operation</b>		<b>(50,604,799)</b>	<b>(42,765,164)</b>
Deferred tax from actuarial gain/(loss) in gratuity liability		193,805	591,111
		<b>(50,798,604)</b>	<b>(43,356,275)</b>
<b>8.01 Deferred tax from Property, Plant &amp; Equipment (except Freehold land)</b>			
Carrying amount		899,622,226	827,225,908
Tax base		751,520,611	606,484,416
<b>Taxable/(deductible) temporary difference</b>		<b>148,101,616</b>	<b>220,741,492</b>
Tax rate		10%	10%
		<b>14,810,162</b>	<b>22,074,149</b>
<b>8.02 Deferred tax for lease</b>			
Carrying amount		(1,547,701)	(712,495)
<b>Taxable/(deductible) temporary difference</b>		<b>(1,547,701)</b>	<b>(712,495)</b>
Tax rate		10%	10%
		<b>(154,770)</b>	<b>(71,249)</b>



	Notes	As at 31 March 2024	As at 31 March 2023
		Amounts in BDT	
<b>8.03 Deferred tax from gratuity liability and leave encashment excluding actuarial gain/loss</b>			
Carrying amount		29,917,641	29,696,348
<b>Taxable/(deductible) temporary difference</b>		<b>(29,917,641)</b>	<b>(29,696,348)</b>
Tax rate		10%	10%
Total deferred tax (assets)/ liabilities from gratuity liability		<b>(2,991,764)</b>	<b>(2,969,635)</b>
Less: Deferred tax assets/(liabilities) from actuarial Gain/(loss)		(193,805)	(591,111)
		<b>(2,797,959)</b>	<b>(2,378,524)</b>
<b>8.04 Deferred tax from business loss</b>			
Carrying amount			
Tax base		(624,622,313)	(648,445,244)
<b>Taxable/(deductible) temporary difference</b>		<b>(624,622,313)</b>	<b>(648,445,244)</b>
Tax rate		10%	10%
		<b>(62,462,231)</b>	<b>(64,844,524)</b>
<b>9.00 Inventory</b>			
Finished Goods-Manufacturing		124,746,720	169,223,314
Semi Finished Goods-Manufacturing		104,983,222	211,206,920
Fabric - Body		247,763,555	102,263,282
Acc & Trim Manufacturing		90,738,740	77,383,786
Production Consumables		4,957,919	5,525,008
		<b>573,190,156</b>	<b>565,602,310</b>
<b>10.00 Advances, deposits and prepayments</b>			
Advance Tax	10.01	65,415,653	40,142,514
Security Deposits		14,595,947	24,939,947
Advance Others		12,582,827	9,722,933
Advance Against Salaries		993,582	1,586,388
Advance Against Vendors		1,199,455	317,302
Advance Against Tangible Assets		2,726,055	4,509,146
Prepaid Expenses		7,665,702	4,310,856
LC Margin		103,986,000	155,986,000
		<b>209,165,220</b>	<b>241,515,087</b>
<b>10.01 Advance tax</b>			
Opening balance		40,142,514	25,340,694
Paid during the year		38,081,608	30,944,919
Less: settlement of assessment		(12,808,469)	(16,143,099)
		<b>65,415,653</b>	<b>40,142,514</b>
<b>11.00 Receivable</b>			
Trade receivables		35,258,124	18,350,526
Export Incentive receivables		114,551,908	105,888,561
Interest Receivable		13,198,335	8,183,280
		<b>163,008,366</b>	<b>132,422,367</b>



	As at 31 March 2024	As at 31 March 2023
Notes	Amounts in BDT	
12.00 Inter company receivables		
Green Apparels Industrial Limited	-	663,148,608
CAPRI SRL	-	8,067,990
Poeticgem International Limited	8,240,205	181,844,603
Poeticgem International FZCO	304,105,769	6,676,213
Simple Approach Limited - Hong Kong	1,590,714	2,867,474
Progress Manufacturing Group Limited	668,297	10,340,845
PDS Multinational Fashion Limited	3,671,045	3,671,045
Norwest Industries Limited, Hong Ko	37,809,757	-
Styleberry Limited	-	4,383,487
Styleberry Limited	9,572,327	9,572,327
	<b>365,658,114</b>	<b>890,572,592</b>

### 13.00 Cash and cash equivalents

	Cash at bank	13.01	237,478,359	141,239,475
	Stamp Paper		234,300	3,800
	Cash in hand		1,019,438	2,485,506
	Fund In Transit		22,371,642	72,084,828
			<b>261,103,739</b>	<b>215,813,609</b>

### 13.01 Cash at bank

	BRAC Bank Limited CD A/C	3,834,961	23,349,398
	BRAC Bank Limited Margin A/C	39,371,016	480,986
	BRAC Bank Limited ERQ A/C	1,369,677	55,109,335
	CITY Bank Limited CD A/C	16,980,369	9,049,412
	CITY Bank Limited Margin A/C	77,938,446	40,021,962
	CITY Bank Limited ERQ A/C	5,501,797	386,986
	HSBC Bank Limited CD A/C	13,832,281	978,041
	HSBC Bank Limited Margin A/C	66,998,262	190,193
	HSBC Bank Limited ERQ A/C	1,554,603	7,408,126
	Dutch Bangla Bank Limited CD A/C	-	51,742
	EASTERN Bank Limited Payroll A/C	9,999,273	4,167,694
	Commercial Bank Of Ceylon CD A/C	97,674	45,599
		<b>237,478,359</b>	<b>141,239,475</b>

### 14.00 Share capital

#### Authorized capital

	10,00,000 Ordinary Shares of Taka 100 each	100,000,000	100,000,000
	190,00,000 Redeemable Preference Shares of Taka 100 each	1,900,000,000	900,000,000
		<b>2,000,000,000</b>	<b>1,000,000,000</b>

#### Issued and paid up capital

	506,993 ordinary shares of 100 Taka each	50,699,300	50,699,300
	Shareholding position as at 31 March 2024 as follows:	<b>50,699,300</b>	<b>50,699,300</b>

#### Paid up capital

	Shares held	Amounts in BDT	
Green Apparel Industries Limited, Hong Kong	506,962	50,696,200	50,695,300
Mr. Md. Fateh UI Islam	-	-	1,000
Mr. Pallak Seth	10	1,000	1,000
Mr. Abhishekh Kanoi	10	1,000	1,000
Mr. Shree Shyam	10	1,000	1,000
Muhammad Shahed Mahmud	1	100	-
	<b>506,993</b>	<b>50,699,300</b>	<b>50,699,300</b>



		As at 31 March 2024	As at 31 March 2023
	Notes	Amounts in BDT	
<b>15.00 Share money deposit</b>			
Opening balance		840,238,135	524,303,860
Addition during the period		(840,238,135)	315,934,275
		<u>-</u>	<u>840,238,135</u>
		<u>-</u>	<u>840,238,135</u>
<b>16.00 Preference Share Capital</b>			
Issued during the period		1,722,077,500	845,437,700
		<u>1,722,077,500</u>	<u>845,437,700</u>
<b>17.00 Post-retirement benefit obligation</b>			
Obligation for gratuity	17.01	19,159,767	16,035,585
Obligation for leave encashment	17.02	10,757,874	13,660,763
		<u>29,917,641</u>	<u>29,696,348</u>
<b>17.01 Gratuity payable</b>			
Opening balance		16,035,585	15,502,942
Service cost		6,967,295	6,074,763
Interest cost		1,433,581	1,184,425
Actuarial (gain)/loss		(1,369,645)	(6,060,838)
Benefits paid out		(3,907,049)	(665,707)
		<u>19,159,767</u>	<u>16,035,585</u>
<b>17.02 Provision for leave encashment</b>			
Opening balance		13,660,763	12,776,631
Service cost		4,087,276	7,174,595
Interest cost		1,221,272	976,135
Actuarial (gain)/loss		4,751,593	6,408,787
Benefits paid out		(12,963,030)	(13,675,385)
		<u>10,757,874</u>	<u>13,660,763</u>
<b>18.00 Non-current poriton of lease liability</b>			
Opening balance		21,419,933	994,601
Addition during the period		-	24,915,572
Add: Interest accrued		995,719	778,760
Less: Paid during the period		(6,720,000)	(5,268,999)
<b>Tota lease liability at the year end</b>		<u>15,695,652</u>	<u>21,419,933</u>
Less: Current portion of lease liability	18.01	7,136,000	5,016,000
		<u>8,559,652</u>	<u>16,403,933</u>
<b>18.01 Current portion of lease liability</b>			
Balance at the year end		15,695,652	21,419,933
Less: Balance payable after 12 month		8,559,652	16,403,933
		<u>7,136,000</u>	<u>5,016,000</u>



	As at 31 March 2024	As at 31 March 2023
Notes	Amounts in BDT	
<b>19.00 Secured short term bank borrowings</b>		
CITY Temporary Loan	14,021,193	737,543
BRAC Temporary Loan	42,700,000	-
HSBC Temporary Loan	-	53,072,058
	<b>56,721,193</b>	<b>53,809,601</b>
<b>20.00 Trade and other payables</b>		
Trade Payable	230,496,417	152,498,805
GR/IR Clearing A/c	357,545,221	107,593,649
Salary Payable	64,071,643	55,739,216
Statutory Payable	2,463,840	3,724,972
Bills of Exchange (BOE) Payable	204,319,964	331,795,512
Provision for Income Tax	70,825,748	30,944,919
Other Payable	77,471,939	114,090,607
	<b>1,007,194,772</b>	<b>796,387,680</b>
<b>21.00 Contract liability (Sales Advance from Affiliates)</b>		
Green Apparel Industries Limited	-	133,518,229
	<b>-</b>	<b>133,518,229</b>
<b>22.00 Inter company payables</b>		
Green apparel industries Limited	133,291,819	669,551,616
Poeticgem International Limited	-	7,226,994
Simple Approach Limited	-	1,276,760
Multinational Textile Group Limited	1,813,673	-
PDS Fashions Limited	98,963	-
PDS FAR EAST USA, INC	57,304	-
PDS Lifestyle FZCO	176,337	-
	<b>135,438,096</b>	<b>678,055,369</b>



	Notes	As at	
		31 March 2024	31 March 2023
		Amounts in BDT	
<b>23.00 Export sales</b>			
Sales-Garment		2,958,456,382	3,351,993,628
<b>24.00 Cost of good sold</b>			
Material Consumption	24.01	1,914,055,103	2,227,194,887
Direct Labour	24.02	423,561,057	417,979,643
Factory Overhead	24.04	56,831,009	80,957,745
Manufacturing Depreciation	24.05	40,424,889	38,589,399
		<b>2,434,872,058</b>	<b>2,764,721,674</b>
<b>24.01 Material Consumption</b>			
Opening Stock of Raw Materials as on 1st Apr 2023		560,077,302	433,349,235
Purchases of Raw Materials during the period		1,813,116,879	(7,438,805,036)
Closing stock of Raw Materials as on 31 Mar 2024		568,625,289	560,077,302
<b>COGS - Manufacturing</b>		<b>1,804,568,891</b>	<b>(7,565,533,103)</b>
Opening Stock of Other Materials as on 1st Apr 2023		5,525,008	4,274,871
Purchases of Other Materials during the period		108,526,071	9,793,978,127
Closing stock of Other Materials as on 31 Mar 2024		4,564,867	5,525,008
<b>Consumption</b>		<b>109,486,212</b>	<b>9,792,727,990</b>
		<b>1,914,055,103</b>	<b>2,227,194,887</b>
<b>24.02 Direct Labour</b>			
Wages		335,987,494	285,550,204
Overtime - Worker		60,441,086	108,182,231
Festival Bonus-Workers		20,402,593	17,915,060
Maternity Allowance		5,320,987	4,732,613
Welfare Expenses		1,408,897	1,599,535
		<b>423,561,057</b>	<b>417,979,643</b>
<b>24.04 Factory Overhead</b>			
Consumables		7,695,134	8,988,613
Tiffin Expenses		346,263	5,410,963
Medical Benefits & Expenses		164,477	156,722
Staff Welfare Expenses		8,129,650	4,236,948
Plant and Machinery Hire Charges		2,508,873	4,210,679
Repairs & Maintenance		6,003,822	7,476,297
Diesel for Boiler		19,014,820	32,045,769
Electricity Charges		10,831,686	18,325,454
Factory Audit Fees		1,968,089	-
Printing Expenses		143,600	105,145
Stationery expenses		24,596	1,155
		<b>56,831,009</b>	<b>80,957,745</b>
<b>24.05 Manufacturing Depreciation</b>			
Depreciation - Plant & Machineries		35,891,567	33,031,812
Depreciation - Electrical Installations		4,255,660	4,237,292
Depreciation - Low Value Assets		277,662	1,320,295
		<b>40,424,889</b>	<b>38,589,399</b>



Notes	As at	
	31 March 2024	31 March 2023
	Amounts in BDT	
<b>25.00 Other income</b>		
Sales-Scrap	-	-
Sales - Sample	-	-
Interest Income on FDR	-	-
Export Incentives	28,744,636	35,525,617
	<b>28,744,636</b>	<b>35,525,617</b>
<b>26.00 Administrative expenses</b>		
Staff Salary Expenses	296,669,474	269,918,988
Staff Welfare Expenses	7,906,117	7,909,090
Legal & Professional Fee	6,510,657	2,034,498
Audit Fees	3,807,262	3,162,860
Insurance	15,006,178	17,024,783
Rent	1,518,408	2,177,500
Business Tax	264,230	1,733,260
Property Tax	21,760	16,170
Vehicle Fuel	81,001	579,026
Office Expenses	7,015,617	3,172,627
Internet & Email Charges	538,786	408,872
Communication	2,098,099	2,532,577
Car Hire Charges	15,137,428	11,373,395
Directors Remuneration	-	702,000
CAF Claims Paid	-	1,118,246
Bank Charges	19,271,084	21,292,454
Foreign Exchange Gain/Loss	(58,294,399)	(12,660,988)
IFRS Depreciation Lease		5,117,917
	<b>317,551,703</b>	<b>337,613,275</b>
<b>27.00 Marketing &amp; selling expenses</b>		
Testing Charges	14,131,361	13,594,270
C&F Charges	54,676,807	85,997,712
Inspection Fees	-	349,585
Courier Charges - Local	92,765	
Courier Charges - International	3,851,922	5,169,502
Traveling Expenses	8,023,136	3,759,553
Marketing & selling expenses	1,803,049	1,963,037
	<b>82,579,039</b>	<b>110,833,659</b>
<b>28.00 Operating depreciation</b>		
Depreciation - IT Equipments	2,460,414	1,581,264
Depreciation - Motor Vehicles	40,800	5,406,565
Depreciation - Furniture & Fixtures	6,023,735	228,571
Depreciation - Office Equipment	230,229	26,995,520
Depreciation - Freehold Building	28,313,077	2,862,298
Depreciation IFRS Lease	6,559,488	-
Amortization - Software/ERP	11,538,157	1,802,398
Amortisation- Goodwill	6,363,157	1,103,669
Depreciation - Other Equipment's	1,191,615	55,394
Depreciation Telephone Installation & Connection	55,394	112,466
Depreciation - Fire Protection & Prevention Equip.	160,221	40,800
Depreciation - Air Conditioners	4,452,568	4,389,097
	<b>67,388,856</b>	<b>44,578,043</b>



Notes	As at	
	31 March 2024	31 March 2023
	Amounts in BDT	
<b>29.00 Finance expenses</b>		
Bank Interest Expenses	15,019,217	15,383,952
IFRS- Interest Lease	995,719	778,760
Interest expense on post employment benefit obligation	-	2,160,560
	<u>16,014,936</u>	<u>18,323,272</u>
<b>30.00 Income tax expenses</b>		
Current Tax expenses	44,445,557	30,944,919
Deferred Income tax	(7,442,329)	6,093,303
Income Tax Paid during the period	<u>37,003,228</u>	<u>37,038,222</u>
<b>30.01 Deferred tax expenses/ (income)</b>		
Closing balance of deferred tax assets from operation	(50,798,604)	(43,356,275)
Less: Opening balance of deferred tax assets from operation	(43,356,275)	(49,449,578)
	<u>(7,442,329)</u>	<u>6,093,303</u>
<b>30.02 Current Tax expenses</b>		
Corporate Taxation	-	-
Taxation- Others	44,445,557	30,944,919
Interest on Tax Provision	-	-
	<u>44,445,557</u>	<u>30,944,919</u>
<b>31.00 Actuary difference for the year (net of deferred tax)</b>		
Closing balance of OCI for actuarial gain	1,744,246	5,319,999
Less: Opening balance of OCI for actuarial gain	5,319,999	6,259,059
	<u>(3,575,753)</u>	<u>(939,060)</u>
<b>31.01 Closing balance of OCI for actuarial gain</b>		
Net Actuarial gain or loss at the opening	5,319,999	6,259,059
Actuarial gain/(loss) for the year	(3,381,948)	(347,949)
Net Actuarial gain or loss at the year end	<u>1,938,051</u>	<u>5,911,110</u>
Less: deferred tax (assets)/liabilities on actuarial difference	(193,805)	(591,111)
	<u>1,744,246</u>	<u>5,319,999</u>

This includes interest on FDR Amounting BDT 1,19,39,200



### 32.00 Related party disclosure

During the period under audit, the Company carried out a number of transactions with related parties in the normal course of business on an arm's length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosure.

	Name of the parties	Type of relation	Nature of transaction	Opening Balance 01 Apr 2023	Transaction during the period	Paid or received during the period	Closing balance 31 Mar 2024
6100	Green Apparel Industries Limited, Hong Kong	Parent	Intercompany Payable	(669,551,616)	268,570,363	495,063,833	(896,045,085)
6100	Green Apparel Industries Limited, Hong Kong	Parent	Intercompany Receivable	663,148,608	1,538,797,639	1,439,192,981	762,753,266
110698	CAPRI SRL	Associate Company	Intercompany Receivable	8,067,990		8,067,990	-
1100	Multinational Textile Group Limited	Associate Company	Intercompany Payable	-		1,813,673	(1,813,673)
110698	Progress Manufacturing Group Limite	Associate Company	Intercompany Receivable	10,340,845	46,432,628	56,105,177	668,297
2450	PDS Fashions Limited	Associate Company	Intercompany Payable	-	296,888	395,850	(98,963)
7540	Poeticgem International FZCO	Associate Company	Intercompany Receivable	6,676,213	1,205,903,248	908,473,692	304,105,769
5900	Poeticgem International Limited	Associate Company	Intercompany Payable	(7,226,994)	16,613,679	22,490,685	(13,104,000)
5900	Poeticgem International Limited	Associate Company	Intercompany Receivable	181,844,603	147,772,809	308,273,208	21,344,205
7360	Styleberry Limited	Associate Company	Intercompany Receivable	4,383,487	-	4,383,487	-
7360	Styleberry Limited	Associate Company	Intercompany Receivable	9,572,327			9,572,327
2900	Simple Approach	Associate Company	Intercompany Payable	(1,276,760)	3,064,360	3,064,360	(1,276,760)
2900	Simple Approach	Associate Company	Intercompany Receivable	2,867,474	139,288,588	139,288,588	2,867,474
7390	PDS FAR EAST USA, INC	Associate Company	Intercompany Payable	-	627,900	685,204	(57,304)
7597	PDS Lifestyle FZCO	Associate Company	Intercompany Payable	-		176,337	(176,337)
3100	PDS Multinational Fashion Limited	Associate Company	Intercompany Receivable	3,671,045	12,162,659	12,162,659	3,671,045
2200	Norwest Industries Limited, Hong Kong	Associate Company	Intercompany Receivable	-	135,096,087	97,286,330	37,809,757

### 33.00 Commitments and contingencies

#### Capital expenditure commitments

The company does not have significant capital commitments as at the financial statement date.

#### Contingent liabilities

Contingent Liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

### 34.00 General

#### 34.01 Directors' remuneration for attending board meeting

No Board meeting attendance fee paid by the company.

#### 34.02 Directors' remuneration for special service rendered.

During the audit period no remuneration has been paid to Managing Director & Directors

#### 34.03 Receivable from Directors

Nothing is receivable from the Director.

#### 34.04 Employee information

The company has 477 salaried employees and 2649 worker as on 31 March 2023. All of them receives total remuneration in excess of BDT 1,50,000 per annum.

### 35.00 Events after the reporting period

No significant event has been occurred after the reporting period to the date of signing of the financial statements to be considered for inclusion.

Kaustav Gupta  
VP-Finance and Reporting  
GoodEarth Apparels Limited

Muhammad Shahed Mahmud  
Director  
GoodEarth Apparels Limited



**Company registration number 14575270 (England and Wales)**

**LILY AND LIONEL LONDON LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

# LILY AND LIONEL LONDON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	B Shah	(Appointed 6 January 2023)
	M Arora	(Appointed 6 January 2023)
	R Chadha	(Appointed 6 January 2023)

<b>Company number</b>	14575270
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<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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# **LILY AND LIONEL LONDON LIMITED**

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Statement of changes in equity	9
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# LILY AND LIONEL LONDON LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the period ended 31 March 2024.

#### Principal activities

The company was incorporated on 06 January 2023. The company began trading on 01 April 2023. The principal activity of the company is that of the design and importation of clothing.

#### Results and dividends

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

B Shah	(Appointed 6 January 2023)
M Arora	(Appointed 6 January 2023)
R Chadha	(Appointed 6 January 2023)

#### Auditor

UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**LILY AND LIONEL LONDON LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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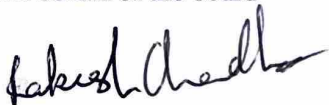
**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

A handwritten signature in black ink, appearing to read 'R Chadha', written over a horizontal line.

R Chadha

**Director**

8 May 2024

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF LILY AND LIONEL LONDON LIMITED**

---

#### **Opinion**

We have audited the financial statements of Lily and Lionel London Limited (the 'company') for the period ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LILY AND LIONEL LONDON LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF LILY AND LIONEL LONDON LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

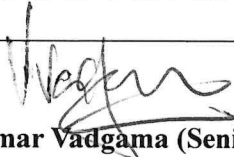
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF LILY AND LIONEL LONDON LIMITED**

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**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

9 May 2024

**Chartered Accountants**  
**Statutory Auditor**

**LILY AND LIONEL LONDON LIMITED****INCOME STATEMENT****FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
	<b>Notes</b>	
Revenue	<b>2</b>	132,103
Cost of sales		(61,014)
		<hr/>
<b>Gross profit</b>		71,089
Distribution costs		(108,880)
Administrative expenses		(288,552)
		<hr/>
<b>(Loss)/profit before taxation</b>	<b>3</b>	(326,343)
Tax on (loss)/profit		-
		<hr/>
<b>(Loss)/profit and total comprehensive income for the financial period</b>		<u>(326,343)</u>

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**LILY AND LIONEL LONDON LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	£
<b>Non-current assets</b>			
Intangible assets - goodwill	5		70,200
<b>Current assets</b>			
Inventories	6	211,661	
Trade and other receivables	7	130,901	
Cash and cash equivalents		30,732	
		<u>373,294</u>	
<b>Current liabilities</b>	8	<u>(769,737)</u>	
<b>Net current liabilities</b>			<u>(396,443)</u>
<b>Net liabilities</b>			<u>(326,243)</u>
<b>Equity</b>			
Called up share capital	10		100
Retained earnings			<u>(326,343)</u>
<b>Total equity</b>			<u>(326,243)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 8 May 2024 and are signed on its behalf by:



R Chadha  
**Director**

Company registration number 14575270 (England and Wales)

**LILY AND LIONEL LONDON LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

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	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 6 January 2023</b>		-	-	-
<b>Period ended 31 March 2024:</b>				
Loss and total comprehensive income		-	(326,343)	(326,343)
Transactions with owners:				
Issue of share capital	<b>10</b>	100	-	100
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2024</b>		100	(326,343)	(326,243)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Lily and Lionel London Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Reporting period

The company was incorporated on 06 January 2023. The figures for the period ending 31 March 2024 therefore represent 15 months.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.
- the requirement to present a statement of cash flows and related notes.
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 12.

##### 1.3 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding that at the balance sheet date, the company's had net liabilities of £326,243.

In view of this uncertainty the directors have obtained confirmation of financial support from the parent company who will not seek repayment of the amounts owed until such time as the company is able to repay its debts. By taking this and future plans in consideration, the directors consider the going concern basis to be appropriate because the company will continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due for the next 15 months.

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.4 Revenue

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### 1.5 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

Goodwill is amortised over a 10 year straight line basis.

##### 1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.8 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### ***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

##### ***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### ***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

##### ***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.9 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

#### 1 Accounting policies

(Continued)

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

#### 2 Revenue

2024

£

##### Revenue analysed by class of business

Sale of clothing and accessories

132,103

2024

£

##### Revenue analysed by geographical market

United Kingdom

132,103

#### 3 Operating (loss)/profit

2024

£

Operating loss for the period is stated after charging/(crediting):

Exchange losses

1,064

Fees payable to the company's auditor for the audit of the company's financial statements

5,500

Amortisation of intangible assets (included within administrative expenses)

7,800

Cost of inventories recognised as an expense

56,760

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

2024

Number

Management

3

Finance

1

Total

4

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

### 4 Employees

(Continued)

Their aggregate remuneration comprised:

	2024 £
Wages and salaries	5,979
Social security costs	615
	<u>6,594</u>

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

### 5 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
Additions - purchased	78,000
	<u>78,000</u>
At 31 March 2024	<u>78,000</u>
<b>Amortisation and impairment</b>	
Charge for the year	7,800
	<u>7,800</u>
At 31 March 2024	<u>7,800</u>
<b>Carrying amount</b>	
At 31 March 2024	<u><u>70,200</u></u>

### 6 Inventories

	2024 £
Goods for resale	<u><u>211,661</u></u>

# LILY AND LIONEL LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

#### 7 Trade and other receivables

	<b>2024</b>
	<b>£</b>
Trade receivables	64,021
VAT recoverable	27,420
Amounts owed by fellow group undertakings	24,923
Other receivables	10,192
Prepayments and accrued income	4,345
	<u>130,901</u>

#### 8 Liabilities

	<b>2024</b>
	<b>£</b>
	<b>Notes</b>
Trade and other payables	<b>9</b> 769,737
	<u>769,737</u>

#### 9 Trade and other payables

	<b>2024</b>
	<b>£</b>
Trade payables	67,841
Amount owed to parent undertaking	696,396
Accruals and deferred income	5,500
	<u>769,737</u>

#### 10 Share capital

	<b>2024</b>	<b>2024</b>
	<b>Number</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

During the year, 100 shares at £1 par value were issued.

#### 11 Related party transactions

## **LILY AND LIONEL LONDON LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE PERIOD ENDED 31 MARCH 2024**

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#### **11 Related party transactions**

**(Continued)**

As at the year end, the company was owed £24,923 by Design Arc Brands Limited.

As at the year end, the company owed £696,396 to Design Arc UK Limited, its parent company.

Design Arc UK Limited owns 100% of the shares in Design Arc Brands Limited.

#### **12 Controlling party**

The immediate parent company is Design Arc UK Limited by virtue of its 100% ownership of the ordinary share capital.

The ultimate parent company is PDS Limited, a company registered in India. PDS Limited, prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**LILY AND LIONEL LONDON LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

**LILY AND LIONEL LONDON LIMITED**

**DETAILED INCOME STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
<b>Revenue</b>		
Sales of goods		132,103
<b>Cost of sales</b>		(61,014)
		<hr/>
<b>Gross profit</b>	53.81%	71,089
<b>Distribution costs</b>		(108,880)
<b>Administrative expenses</b>		(288,552)
		<hr/>
<b>Operating loss</b>		(326,343)
		<hr/> <hr/>

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# LILY AND LIONEL LONDON LIMITED

## SCHEDULES TO THE INCOME STATEMENT

### FOR THE PERIOD ENDED 31 MARCH 2024

	Period ended 31 March 2024 £
<b>Cost of sales</b>	
<i>Purchases and other direct costs</i>	
Finished goods purchases	268,421
Commissions payable	4,254
	<hr/>
Total purchases and other direct costs	272,675
	<hr/>
Total cost of sales	61,014
	<hr/>
<b>Distribution costs</b>	
Designing expenses	55,758
Testing charges	1,500
Handling/transport charges	645
Storage charges	50,977
	<hr/>
	108,880
	<hr/>
<b>Administrative expenses</b>	
Wages and salaries	5,979
Social security costs	615
Staff welfare	1,440
Computer running costs	7,869
Travelling expenses	995
Postage, courier and delivery charges	22
Professional subscriptions	6,647
Legal and professional fees	54,255
Consultancy fees	53,309
Audit fees	5,500
Bank charges	1,502
Transaction charges	2,176
Printing and stationery	1,021
Advertising and marketing	137,408
Other office supplies	1,021
Sundry expenses	(71)
Amortisation	7,800
Profit or loss on foreign exchange	1,064
	<hr/>
	288,552
	<hr/>

**Company registration number 15050144 (England and Wales)**

**MODA & BEYOND LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

# MODA & BEYOND LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A Banaik	(Appointed 4 August 2023)
	Mr K Kanodia	(Appointed 4 August 2023)
	Mr A Kanoi	(Appointed 4 August 2023)
	Mr E Matthews	(Appointed 4 August 2023)

<b>Company number</b>	15050144
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<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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# MODA & BEYOND LIMITED

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Independent auditor's report	3 - 6
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Statement of financial position	8
Statement of changes in equity	9
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# **MODA & BEYOND LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2024**

---

The directors present their annual report and financial statements for the period ended 31 March 2024.

#### **Principal activities**

The company was incorporated on 4 August 2023, and commenced trading on 19 September 2023. The principal activity of the company is the import and distribution of garments. Our core business model encompasses sourcing, designing, producing and marketing garments for key partners. Additionally, we operate through an omni-channel approach, primarily focused on e-commerce and wholesale distribution. Our stable of brands specialises in cross-category products, with a primary focus on occasion wear, on-trend fashion, and casual wear.

#### **Results and dividends**

The results for the period are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr A Banaik	(Appointed 4 August 2023)
Mr K Kanodia	(Appointed 4 August 2023)
Mr A Kanoi	(Appointed 4 August 2023)
Mr E Matthews	(Appointed 4 August 2023)

#### **Auditor**

UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

## **MODA & BEYOND LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

#### **FOR THE PERIOD ENDED 31 MARCH 2024**

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##### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

##### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

##### **Small company exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

[ Signature ]

.....

Mr K Kanodia

**Director**

Date: [ Date ]

.....

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MODA & BEYOND LIMITED

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#### Opinion

We have audited the financial statements of Moda & Beyond Limited (the 'company') for the period ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF MODA & BEYOND LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF MODA & BEYOND LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to inflated revenue.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF MODA & BEYOND LIMITED**

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[ Signature ]

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: [ Date ]

**Chartered Accountants**  
**Statutory Auditor**

**MODA & BEYOND LIMITED****INCOME STATEMENT****FOR THE PERIOD ENDED 31 MARCH 2024**

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	Notes	Period ended 31 March 2024 £
Revenue	2	813,432
Cost of sales		(575,251)
		<hr/>
<b>Gross profit</b>		238,181
Administrative expenses		(492,043)
		<hr/>
<b>(Loss)/profit before taxation</b>	3	(253,862)
Tax on (loss)/profit	5	45,000
		<hr/>
<b>(Loss)/profit and total comprehensive income for the financial period</b>		(208,862)
		<hr/> <hr/>

**MODA & BEYOND LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	£
<b>Non-current assets</b>			
Intangible assets	6		285,000
<b>Current assets</b>			
Inventories	7	177,180	
Trade and other receivables	8	395,817	
Cash and cash equivalents		52,532	
		625,529	
<b>Current liabilities</b>	9	(1,109,391)	
<b>Net current liabilities</b>			(483,862)
<b>Net liabilities</b>			(198,862)
<b>Equity</b>			
Called up share capital	14		10,000
Retained earnings			(208,862)
<b>Total equity</b>			(198,862)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on [.....Date.....].. and are signed on its behalf by:

[ Signature ]

.....

Mr K Kanodia

**Director**

Company registration number 15050144 (England and Wales)

**MODA & BEYOND LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

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	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 4 August 2023</b>		-	-	-
<b>Period ended 31 March 2024:</b>				
Loss and total comprehensive income		-	(208,862)	(208,862)
Transactions with owners:				
Issue of share capital	<b>14</b>	10,000	-	10,000
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2024</b>		10,000	(208,862)	(198,862)
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# MODA & BEYOND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Moda & Beyond Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Reporting period

The financial statements are for the period from 4 August 2023 to 31 March 2024, representing 8 months. This being the first year of trading.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of PDS Sourcing Limited . The group accounts of PDS Sourcing Limited are available to the public and can be obtained as set out in note 17.

##### 1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Furthermore, group companies have agreed to provided financial support by not seeking repayment of amounts owed until such time as the company is able to pay its debts. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies**

**(Continued)**

**1.4 Revenue**

Revenue is measured at consideration received or receivable net of VAT.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**1.5 Intangible assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Brands and licenses      10 years

**1.6 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**1 Accounting policies**

**(Continued)**

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

**1 Accounting policies**

**(Continued)**

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE PERIOD ENDED 31 MARCH 2024**

---

**1 Accounting policies**

**(Continued)**

**1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Taxation**

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

***Current tax***

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

**1 Accounting policies**

**(Continued)**

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.15 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

# MODA & BEYOND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

#### 2 Revenue

2024

£

##### Revenue analysed by class of business

Sale of clothes

813,432

2024

£

##### Revenue analysed by geographical market

United Kingdom

813,432

#### 3 Operating (loss)/profit

2024

£

Operating loss for the period is stated after charging/(crediting):

Fees payable to the company's auditor for the audit of the company's financial statements

5,000

Amortisation of intangible assets (included within administrative expenses)

15,000

Cost of inventories recognised as an expense

575,251

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

2024

Number

14

Their aggregate remuneration comprised:

2024

£

Wages and salaries

302,618

Social security costs

35,631

Pension costs

4,995

343,244

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2023-24.

## MODA & BEYOND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

#### 5 Taxation

2024

£

##### Deferred tax

Origination and reversal of temporary differences

(45,000)

The charge for the period can be reconciled to the loss per the income statement as follows:

2024

£

Loss before taxation

(253,862)

Expected tax credit based on a corporation tax rate of 25.00%

(63,466)

Other adjustments

18,466

**Taxation credit for the period**

(45,000)

#### 6 Intangible fixed assets

Brands &  
licences

£

##### Cost

Additions - purchased

300,000

At 31 March 2024

300,000

##### Amortisation and impairment

Charge for the year

15,000

At 31 March 2024

15,000

##### Carrying amount

At 31 March 2024

285,000

**MODA & BEYOND LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2024****7 Inventories****2024  
£**

Finished goods	177,180
----------------	---------

**8 Trade and other receivables**

<b>Current</b>	<b>Non-current</b>
<b>2024</b>	<b>2024</b>
<b>£</b>	<b>£</b>

Trade receivables	248,996	-
Other receivables	26,867	-
Prepayments and accrued income	74,954	-
	<u>350,817</u>	<u>-</u>
Deferred tax asset	-	45,000
	<u>350,817</u>	<u>45,000</u>

All amounts due are recovered within 12 months of the balance sheet date. The fair value of trade and other receivables is the same as the carrying value shown above.

The maximum exposure to credit risk for trade and other receivables is represented by their carrying amount.

**9 Liabilities****Notes** **2024  
£**

Trade and other payables	<b>11</b>	1,056,473
Taxation and social security		52,918
		<u>1,109,391</u>

**10 Fair value of financial liabilities**

The directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

## MODA & BEYOND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

#### 10 Fair value of financial liabilities

(Continued)

#### 11 Trade and other payables

2024

£

Trade payables	34,687
Amount owed to parent undertaking	844,208
Accruals and deferred income	22,000
Other payables	155,578
	<u>1,056,473</u>

Trade payables and accrued expenses mainly comprise of amounts owed for trading purchases and associated costs.

All trade and other payables are due to be paid within 12 months of the balance sheet date. The fair value of trade and other payables is the same as the carrying value shown above.

Deferred tax assets are expected to be recovered after more than one year

#### 12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>Tax losses</b>
	<b>£</b>
Liability at 4 August 2023	-
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	(45,000)
Asset at 31 March 2024	<u>(45,000)</u>

## MODA & BEYOND LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

#### 13 Retirement benefit schemes

	2024 £
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	4,995

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 14 Share capital

	2024 Number	2024 £
<b>Ordinary share capital Issued and fully paid</b>		
Ordinary shares of £1 each	10,000	10,000

During the period, the company issued 10,000 ordinary shares of £1 at par.

#### 15 Other leasing information

##### Lessee

	2024 £
Expense relating to short-term leases	14,797

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2024 £
<b>Land and buildings</b>	
Within one year	25,000

#### 16 Related party transactions

## **MODA & BEYOND LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024**

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#### **16 Related party transactions**

**(Continued)**

At the year end, £838,808 was owed to Poeticgem Limited.

At the year end, £5,400 was owed to PDS Fashions Limited.

PDS Sourcing Limited owns 100% of the shares in Poeticgem Limited and PDS Fashions Limited. PDS Sourcing Limited is a subsidiary of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

#### **17 Controlling party**

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius. The ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Corporate Office: Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**MODA & BEYOND LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE PERIOD ENDED 31 MARCH 2024**

**MODA & BEYOND LIMITED**

**DETAILED INCOME STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
<b>Revenue</b>		
Sales of goods		813,432
<b>Cost of sales</b>		(575,251)
		<hr/>
<b>Gross profit</b>	29.28%	238,181
<b>Administrative expenses</b>		(492,043)
		<hr/>
<b>Operating loss</b>		(253,862)
		<hr/> <hr/>

# MODA & BEYOND LIMITED

## SCHEDULES TO THE INCOME STATEMENT

### FOR THE PERIOD ENDED 31 MARCH 2024

	Period ended 31 March 2024 £
<b>Cost of sales</b>	
<i>Purchases and other direct costs</i>	
Finished goods purchases	609,664
Direct costs	19,303
Carriage inwards and import duty	83,032
Spare direct costs	40,432
Total purchases and other direct costs	752,431
Total cost of sales	575,251
<b>Administrative expenses</b>	
Wages and salaries	302,618
Social security costs	35,631
Staff welfare	1,549
Staff pension costs defined contribution	4,995
Commissions payable	21,795
Rent re operating leases	14,797
Computer running costs	3,440
Travelling expenses	11,385
Legal and professional fees	18,427
Consultancy fees	21,319
Audit fees	5,000
Bank charges	335
Insurances (not premises)	1,574
Printing and stationery	779
Advertising	21,620
Telecommunications	880
Entertaining	28
Sundry expenses	10,871
Amortisation	15,000
	492,043

# MODA & BEYOND LIMITED

Quadrant House  
4 Thomas More Square  
London E1W 1YW

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London E1W 1YW

Dear Sirs,

## **Representations in respect of the financial statements for the period ended 31 March 2024 of Moda & Beyond Limited**

We acknowledge as directors, and confirm that we have fulfilled, our responsibility for the preparation of the financial statements for the period ended 31 March 2024 that show a true and fair view and are in accordance with International Financial Reporting Standard as adopted in the UK and as applied in accordance with the provisions of the Companies Act 2006.

We also acknowledge as directors our responsibility for the design and implementation of internal controls to prevent and detect both error and fraud.

We confirm to the best of our knowledge and belief and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the period ended 31 March 2024.

### **1. Completeness of audit information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Specifically, we confirm that

- All accounting records have been made available to you for the purpose of your audit.
- All other records and related information, including minutes of all shareholders' and board meetings in the period 4 August 2023 to date have been made available to you.

**2. Completeness of accounting records and financial statements.**

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records, and in the financial statements.

**3. Significant assumptions, judgments and intentions**

In preparing the financial statements the board has made the following significant judgments relating to amounts included in or disclosed in the financial statements:

We have no plans or intentions that would, if taken into account, materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Aside from normal commercial constraints, we are not aware of any factors that will significantly reduce the likelihood of the company achieving those of its plans or intentions that are material to the determination of the carrying value or classification of assets and liabilities reflected in the financial statements.

We have carefully considered the provision for deferred consideration based on our contractual agreement. The Board have carefully considered the position and confirm that the provision reflected in the financial statements is not understated and could be slightly overstated.

Group companies who have provided funding will not seek repayments of amounts owed until such time as the company is able to repay and this has been agreed with PDS Sourcing Limited.

In view of the working capital and net asset deficiency, the parent company has confirmed that it will continue to provide financial support to enable the company to pay its debts as they fall due for the foreseeable future.

We expect the company to be profitable in the coming year and have therefore have included the deferred tax asset in the accounts.

We confirm that the above representations are our assumptions, judgments and intentions on these matters and that we consider them reasonable.

**4. Compliance with fundamental statutory or regulatory obligations**

We are not aware of any significant instances of actual or possible non-compliance with these obligations.

**5. Unadjusted errors in the financial statements**

We consider that the errors identified by you and set out on the attached summary are immaterial individually and in aggregate and accordingly that no adjustment to the financial statements is required.

**6. Significant agreements**

We have disclosed to you all the agreements and commitments (and any related side letters) that the company has entered into that could have a material impact on the amounts or disclosures included in the financial statements, or are relevant to an assessment of whether the company remains a going concern.

We are not aware of any instances of non-compliance with our contractual obligations which could have a material effect on the financial statements.

**7. Going Concern**

In our opinion the company will have sufficient resources to meet its liabilities as they fall due for the reasonably foreseeable future, and is therefore a going concern. In forming this conclusion we have expressly considered the period of at least 12 months from the date of approval of the financial statements.

We are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue as a going concern.

**8. Contingent liabilities (including litigation or claims against the company) and events arising subsequent to the balance sheet date**

All material contingencies (including all known, actual or potential litigation or claims against the company) that are more likely than not to result in a loss to the company have been provided for in the financial statements.

Except for matters for which there is only a remote possibility of occurrence, the company is not affected by any such contingency which existed at the balance sheet date and which could possibly result in material loss to the company.

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any such events occur, we will advise you accordingly.

**9. Transactions with and interests of the directors**

We acknowledge that the company's financial statements are required by the Companies Act 2006 and the applicable accounting standard to include specified disclosure of the nature, extent and amount of its transactions that are with, or for the benefit of, any of its directors (or, in certain circumstances, members of their families and trusts, partnerships and other companies in which they have an interest).

We have identified and discussed with you all the transactions of the company with its directors and their connected persons. Consequent upon these procedures, we are able to make the following representation.

The company has at no time during the period granted any advances or credits to, nor entered into any guarantees of any kind on behalf of its directors or persons connected with them except as disclosed in the financial statements.

Apart from remuneration arrangements, the company has had at no time during the period entered into any other transactions with its directors or persons connected with them except as disclosed in the financial statements and except for transactions that are immaterial to both the directors (and any relevant connected person) and the group's financial statements.

**10. Related parties other than the directors**

We acknowledge that, subject to certain specific exemptions, the company's financial statements are required to disclose comprehensive details of transactions and relationships with its "related parties" in order to give a true and fair view. Accordingly, we confirm that:

- a) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware; and
- b) We have properly accounted for and disclosed all such relationships and transactions in the financial statements.

In making that confirmation we acknowledge:

- a) the following broad definition of related parties, being: those individuals, companies and other entities connected or linked with the company or its directors in such a way as to make feasible the negotiation of mutual contracts on a non-arms length basis; and
- b) the formal definitions of "related parties" given in the applicable accounting standard.

For the avoidance of doubt, we confirm that these additional related parties are those confirmed to us by you during our planning of this engagement.

#### **11. Control of the company**

So far as we are aware, the ultimate control of the company rests with PDS Limited at the balance sheet date.

#### **12. Risks, occurrences and allegations of fraud**

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Our assessment was conveyed to you on our behalf by Krishna Kanodia.

We are not aware of any fraud (or suspected fraud) affecting the company involving:

- the directors; or
- senior management and other employees that have significant roles in internal control; or
- others where the fraud (or suspected fraud) could have a material effect on the financial statements.

We are not aware of any allegations of fraud (or suspected fraud) affecting the company's financial statements communicated by employees, former employees, regulators or others.

#### **13. Trade receivables / other debtors**

We confirm that all trade debts are considered fully recoverable and that there is no provision required for any allowances or bad debts.

We confirm that all amounts owed by the staff and directors are correctly stated and fully recoverable.

#### **14. Understatement of creditors**

We confirm that the creditors in the accounts are not materially understated at the period-

end and are fairly stated in the accounts.

**15.     Stock**

We confirm that the stock and the trims held at 31 March 2024 in Moda & Beyond Limited of £177,180 are included at lower of cost and NRV.

Yours faithfully,

[ Signature ]

[   Date   ]

.....

**Mr K Kanodia**

(Signed on behalf of the board of directors)

**Moda & Beyond Limited**

Moda & Beyond Limited							A.3
Period ended 31 March 2024							
Unadjusted journals							
		P&L		B/S			
		Dr	Cr	Dr	Cr	P&L	
Loss per accounts						(253,862)	
1	Dr Audit fee	7,500				(7,500)	
	Cr Accruals				7,500		
	<i>Being audit fee accrual - under provided</i>						
		7,500	-	-	7,500		
		-					
				Loss per accounts		(261,362)	

**MODA & BEYOND LIMITED**  
**("the Company")**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS** held by telephone on 13 May 2024;

**Present:**

Mr K Kanodia - Chairman  
Mr E Matthews  
Mr A Banaik  
Dr A Kanoi

**1. CHAIRMAN**

Mr K Kanodia was appointed as Chairman of the meeting and declared that a quorum was present.

**2. NOTICE OF THE MEETING**

Notice of the meeting was taken as read.

**3. DIRECTORS' REPORT AND ACCOUNTS**

3.1 The Directors' Report and audited Accounts for the period ended 31 March 2024 were laid before the Meeting.

3.2 IT WAS RESOLVED THAT the Directors' Report and Accounts be approved and that the Directors' Report and the Balance Sheet be signed by any one director.

**4. AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006, the Company's auditors, UHY Hacker Young LLP, will be deemed re-appointed for the financial year commencing 1 April 2024 at the conclusion of the next period for appointing auditors, no notice having been deposited under Section 488 of the Companies Act 2006.

**5. ANY OTHER BUSINESS**

There being no further business the Chairman declared the Meeting closed.

[ Signature ]  
.....  
**Mr K Kanodia**  
Chairman

**Multinational Textile Group Limited**

**Financial statements**

**31 March 2024**

## **Multinational Textile Group Limited**

Financial statements  
for the year ended 31 March 2024

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## Multinational Textile Group Limited

### Corporate data

		Date of appointment	Date of resignation
<b>Directors:</b>	Deepak Kumar Seth	15 May 2006	-
	Pallak Seth	15 May 2006	-
	Sharmil Shah	01 March 2018	-
	Sheik Mohamad Ally		
	Shameem Kureemun	07 August 2018	-
	Krishna Ramguttee (Alternate to Shameem Kureemun)	07 August 2018	-
	Ashish Gupta	03 August 2021	10 April 2023
	Parikh Nishant Ravindra	08 December 2021	-

**Company secretary:** Rogers Capital Corporate Services Limited  
3<sup>rd</sup> Floor, Rogers House  
No. 5 President John Kennedy Street  
Port Louis  
Republic of Mauritius

**Registered office:** C/o Rogers Capital Corporate Services Limited  
3<sup>rd</sup> 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  
4<sup>th</sup> 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 2024.

### **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 8,500,000 for the year under review (2023: USD 8,000,000).

### **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 2024

# Rogers Capital

**Multinational Textile Group Limited**

**Secretary's certificate**  
*for the year ended 31 March 2024*

**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.

L. Roopah

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**  
Company secretary

Date: 09 MAY 2024

## 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 44 which comprise the statement of financial position as at 31 March 2024, 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 2024, 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.

## 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.

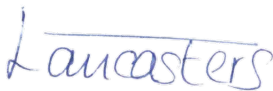
### *Report on Other Legal and Regulatory Requirements*

#### *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,  
Chartered Accountants  
14, Lancaster Court  
Lavoquer Street  
Port Louis  
Mauritius

Date: 09.05.2024



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

**Multinational Textile Group Limited**

**Statement of profit or loss and other comprehensive income**  
for the year ended 31 March 2024

	Note	2024 USD	2023 USD
	7	30,514,347	17,244,550
Revenue		(14,345,681)	(8,892,453)
Expenses		16,168,666	8,352,097
<b>Profit from operating activities</b>		135,424	31,077
Finance income		(3,253)	(14,410)
Finance costs	8	132,171	16,667
Net finance income		-	437,999
Reversal of impairment on investments and loans		-	(7,590)
Loss on revaluation of financial assets at fair value		-	2,338
through profit or loss		(24,233)	-
Payables waived-off		(50,000)	-
Receivables written-off			-
Investments written-off		4,472	-
Unrealised gain on revaluation of financial assets		(2,303)	-
measured at fair value through profit and loss			-
Loss on disposal of subsidiary		(72,064)	432,747
<b>Profit before taxation</b>		16,228,773	8,801,511
Income tax expense	9	(103,741)	(44,280)
<b>Profit for the year</b>		16,125,032	8,757,231
Other comprehensive income / (loss)		40,514	(36,698)
<b>Total comprehensive income for the year</b>		16,165,546	8,720,533

The notes on pages 12 to 44 form part of these financial statements.

**Multinational Textile Group Limited**

**Statement of financial position**  
At 31 March 2024

	Note	2024 USD	2023 USD
<b>Assets</b>			
Investments in subsidiaries	10	85,015,952	80,573,386
Investments in associate	11	-	-
Financial assets at fair value through other comprehensive income	12	378,296	337,782
Financial assets at fair value through profit or loss	13	-	141,652
Intangible assets	14	287,445	287,445
Deposit on shares	15	15,700,000	17,388,096
		<u>101,381,693</u>	<u>98,728,361</u>
<b>Total non-current assets</b>			
<b>Current assets</b>	16	12,030,600	6,627,158
Other receivables		905,183	418,100
Cash and cash equivalents		<u>12,935,783</u>	<u>7,045,258</u>
<b>Total current assets</b>		<u>114,317,476</u>	<u>105,773,619</u>
<b>Total assets</b>		<u>=====</u>	<u>=====</u>
<b>Equity and liabilities</b>			
<b>Equity</b>	17	21,948,270	21,948,270
Stated capital		38,964,725	31,339,693
Revenue reserves		57,294	16,780
Revaluation reserves		<u>60,970,289</u>	<u>53,304,743</u>
<b>Total equity</b>			
<b>Liabilities</b>			
<b>Non-current liabilities</b>	18 (a)	44,500,000	30,000,000
Other payables			
<b>Current liabilities</b>	18 (b)	8,789,006	22,245,554
Other payables	9	58,181	223,322
Tax payable		<u>8,847,187</u>	<u>22,468,876</u>
<b>Total current liabilities</b>		<u>114,317,476</u>	<u>105,773,619</u>
<b>Total equity and liabilities</b>		<u>=====</u>	<u>=====</u>

09 MAY 2024

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

  
.....  
Director

  
.....  
Director

The notes on pages 12 to 44 form part of these financial statements.

**Multinational Textile Group Limited**

**Statement of changes in equity**  
for the year ended 31 March 2024

	<b>Stated Capital USD</b>	<b>Revenue reserves USD</b>	<b>Revaluation Reserves USD</b>	<b>Total Equity USD</b>
Balance at 01 April 2022	21,948,270	30,582,462	53,478	52,584,210
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
<b>Total comprehensive income for the year</b>				
Profit for the year	-	16,125,032	-	16,125,032
Dividend paid	-	(8,500,000)	-	(8,500,000)
Revaluation of equity investments	-	-	40,514	40,514
<b>Balance at 31 March 2024</b>	<b>21,948,270</b>	<b>38,964,725</b>	<b>57,294</b>	<b>60,970,289</b>

The notes on pages 12 to 44 form part of these financial statements.

## Multinational Textile Group Limited

### Statement of cash flows for the year ended 31 March 2024

	2024 USD	2023 USD
<b>Cash flows from operating activities</b>	<b>16,228,773</b>	<b>8,801,511</b>
Profit before taxation		
<i>Adjustments for:</i>	<b>(21,802,018)</b>	<b>(11,251,580)</b>
Dividend income	-	(437,999)
Reversal of impairment	<b>(134,781)</b>	<b>(28,160)</b>
Interest income	<b>2,610</b>	<b>11,493</b>
Unrealised loss on foreign exchange		
(Gain) / loss on revaluation of financial assets at fair value through profit or loss	<b>(4,472)</b>	<b>7,590</b>
Receivables written-off / payables waived-off	<b>24,233</b>	<b>(2,338)</b>
Loss on disposal of subsidiary	<b>2,303</b>	-
Investments written-off	<b>50,000</b>	-
	<b>(5,633,352)</b>	<b>(2,899,483)</b>
	<b>(25,692,998)</b>	<b>(7,309,895)</b>
Change in other receivables	<b>21,648,230</b>	<b>37,814,876</b>
Change in other payables	<b>1,688,096</b>	<b>(438,096)</b>
Movement in deposit on shares		
	<b>(7,990,024)</b>	<b>27,167,402</b>
<b>Cash from operating activities</b>	<b>(268,882)</b>	<b>(643,923)</b>
Tax paid		
	<b>(8,258,906)</b>	<b>26,523,479</b>
<b>Net cash (used in) / from operating activities</b>		
<b>Cash flows from investing activities</b>	<b>21,802,018</b>	<b>11,251,580</b>
Dividend received	<b>134,781</b>	<b>28,160</b>
Interest received	-	<b>2,061,000</b>
Advance given to subsidiaries	<b>(4,492,566)</b>	<b>(15,850,000)</b>
Acquisition of investments	-	<b>(277)</b>
Acquisition of intangibles assets	<b>141,518</b>	-
Proceed from disposal of investments	-	<b>(16,950,000)</b>
Deposit on shares		
	<b>17,585,751</b>	<b>(19,459,537)</b>
<b>Net cash from / (used in) investing activities</b>		

The notes on pages 12 to 44 form part of these financial statements.

**Multinational Textile Group Limited**

**Statement of cash flows (continued)**  
for the year ended 31 March 2024

	2024 USD	2023 USD
<b>Cash flows from financing activities</b>	<b>(11,810,000)</b>	-
Repayment of amount due to holding company	34,465,232	438,000
Repayment of amount by related parties	(22,994,994)	-
Repayment of amount to related parties	(8,500,000)	(8,000,000)
Dividend paid	-----	-----
	<b>(8,839,762)</b>	<b>(7,562,000)</b>
<b>Net cash used in financing activities</b>	-----	-----
	<b>487,083</b>	<b>(498,058)</b>
<b>Net movement in cash and cash equivalents</b>	<b>418,100</b>	<b>916,158</b>
Cash and cash equivalents at 01 April	-----	-----
	<b>905,183</b>	<b>418,100</b>
<b>Cash and cash equivalents at 31 March</b>	<b>=====</b>	<b>=====</b>

The notes on pages 12 to 44 form part of these financial statements.

## **Multinational Textile Group Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

#### **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, 3<sup>rd</sup> 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:

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (a) New standards, interpretations and amendments adopted 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:

##### ***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 IASB 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 above new, amended standard and interpretation effective for the financial year did not have any impact on the Company's financial statements.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (a) New standards, interpretations and amendments adopted during the year (continued)

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

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board ("IASB").

The IASB 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;
- 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 IASB 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 January 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.

###### ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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.

## **Multinational Textile Group Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

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

##### **(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 IASB 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.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

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.

## **Multinational Textile Group Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

#### **4. Critical accounting estimates and judgements**

##### ***Critical accounting judgements in applying the Company's accounting policies***

The Company makes estimates and judgements that affect the reported amounts of assets and liabilities within the next year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### ***Critical judgement areas***

###### ***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).

##### ***Estimates and assumptions***

###### ***Impairment of investment in subsidiaries***

The carrying values of investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that the investments may be impaired. This determination requires significant judgement. In estimating the recoverable amount of the investment, the Company evaluates, amongst other factors, the future profitability of the subsidiary, its financial health and near-term business outlook, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 5. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated:

##### (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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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).
- features that modify consideration of the time value of money (example: periodic reset of interest rates).

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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (g) Financial instruments (continued)

##### (ii) Classification and subsequent measurement (continued)

##### Financial assets – Subsequent measurement and gains and losses

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	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.
<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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 or 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.

**Multinational Textile Group Limited**

**Notes to and forming part of the financial statements  
for the year ended 31 March 2024**

**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 2024	Financial assets at fair value				
	Amortised cost USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD
<b>Financial assets measured at fair value</b>					
Financial assets at fair value through other comprehensive income	-	378,296	-	-	378,296
Financial assets at fair value through profit or loss	-	-	-	-	-
	-	378,296	-	-	378,296
<b>Financial assets not measured at fair value</b>					
Other receivables	11,338,117	11,338,117	-	-	-
Cash and cash equivalents	905,183	905,183	-	-	-
	12,243,300	12,243,300	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Other payables	53,289,006	53,289,006	-	-	-

Multinational Textile Group Limited

Notes to and forming part of the financial statements  
for the year ended 31 March 2024

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

(a) Accounting classifications and fair values (continued)

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	-	-	-	-

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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, 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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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 2024 USD	Financial liabilities 2024 USD	Financial assets 2023 USD	Financial liabilities 2023 USD
USD	12,431,644	53,230,246	7,101,592	52,245,554
GBP	189,952	58,760	167,529	-
HKD	-	-	254,776	-
	-----	-----	-----	-----
	12,621,596	53,289,006	7,523,897	52,245,554
	=====	=====	=====	=====

A 10 % strengthening of USD against the GBP & HKD at 31st March 2024 would have increased net profit before tax by USD 13,119 (2023: USD 42,230). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis in 2023.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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:

	2024	2023
	USD	USD
<b>Currency</b>		
GBP	13,119	16,753
HKD	-	25,477
	-----	-----
	13,119	42,230
	=====	=====

Similarly, a 10% weakening of the USD against the GBP and HKD at 31st March 2024 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:

	2024	2023
	USD	USD
Other receivables	11,338,117	6,626,363
Cash and cash equivalents	905,183	418,100
	-----	-----
	12,243,300	7,044,463
	=====	=====

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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 905,183 at 31 March 2024 (2023: USD 418,100). 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.

	Due on Demand USD	Within one year USD	One to five years USD	Total USD
<b>31 March 2024</b>				
<b>Financial liabilities</b>				
Other payables	8,789,006	-	44,500,000	53,289,006
	-----	-----	-----	-----
<b>Total financial liabilities</b>	<b>8,789,006</b>	<b>-</b>	<b>44,500,000</b>	<b>53,289,006</b>
	=====	=====	=====	=====
<b>31 March 2023</b>				
<b>Financial liabilities</b>				
Other payables	22,245,554	-	30,000,000	52,245,554
	-----	-----	-----	-----
<b>Total financial liabilities</b>	<b>22,245,554</b>	<b>-</b>	<b>30,000,000</b>	<b>52,245,554</b>
	=====	=====	=====	=====

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 7. Revenue

Revenue consists of the following:

	2024 USD	2023 USD
Dividend income	21,802,018	11,251,580
Management fees income	4,255,383	3,954,237
Recharge fee income	2,321,036	177,146
IT Licence income	917,666	72,296
SAP Fee income	613,187	523,269
Corporate service fees income	286,420	559,467
Commission income	285,796	706,555
Insurance fee income	24,681	-
Leave and gratuity income	8,160	-
	<u>30,514,347</u>	<u>17,244,550</u>
	=====	=====

#### 8. Net finance income

	2024 USD	2023 USD
<b>Finance income</b>	<b>134,781</b>	<b>29,945</b>
Interest income	643	1,132
Gain on foreign exchange	<u>135,424</u>	<u>31,077</u>
	-----	-----
<b>Finance costs</b>	<b>-</b>	<b>(1,785)</b>
Interest expense	(3,253)	(12,625)
Loss on foreign exchange	<u>(3,253)</u>	<u>(14,410)</u>
	-----	-----
<b>Net finance income</b>	<b>132,171</b>	<b>16,667</b>
	=====	=====

#### 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

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 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:

<i>Recognised in statement of profit or loss and other comprehensive income</i>	2024 USD	2023 USD
Current year tax charge	114,562	223,322
Over provision of previous year	(10,821)	(179,042)
	-----	-----
Current year tax expenses	103,741	44,280
	=====	=====
 <i>Reconciliation of effective taxation</i>	 2024 USD	 2023 USD
Profit before taxation	16,228,773	8,801,511
	=====	=====
Income tax at 15%	2,434,316	1,320,227
Non-deductible expense	586,333	322,364
Non-taxable income	(671)	(65,700)
Exempt income	(2,905,416)	(1,353,569)
	-----	-----
Current year tax charge	(114,562)	223,322
	=====	=====
 <i>Current tax liability</i>	 2024 USD	 2023 USD
Balance at 01 April	223,322	822,965
Over provision of previous year	(10,821)	(179,042)
Current year tax charge	114,562	223,322
Tax paid during the year	(268,882)	(643,923)
	-----	-----
Balance at 31 March	58,181	223,322
	=====	=====

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 10. Investments in subsidiaries

Investments consist of unquoted shares in subsidiaries and other investment.

	2024 USD	2023 USD
Cost		
At 01 April	80,573,386	62,151,609
Conversion of deposit on shares during the year	4,239,065	-
Additions during the year	253,501	27,960,000
Investments written-off	(50,000)	-
Transfer of investment	-	(9,538,223)
	-----	-----
At 31 March	85,015,952	80,573,386
	=====	=====

Name of company	Type of shares	Number of Shares 2024	Number of Shares 2023	2024 % held	2023 % held	Country of incorporation
<b>Subsidiaries</b>						
PDS Sourcing Limited	Equity	13,987,266	13,987,266	100%	100%	Mauritius
Norwest Industries Limited	Equity	4,000,000	4,000,000	100%	100%	Hong Kong
Casa Forma Limited	Equity	925,000	925,000	100%	100%	United Kingdom
PDS Sourcing Bangladesh Limited	Equity	1,173,989	1,173,989	99.98%	99.98%	Bangladesh
Techno Design GmbH	Equity	55,000	55,000	55%	55%	Germany
GoodEarth Lifestyle Limited	Equity	150	-	3%	-	Hong Kong
PDS Ventures Limited	Equity	1,000,000	1,000,000	100%	100%	Mauritius
PDS Ventures Limited	Preference	17,127,065	15,000,000	100%	100%	Mauritius
Progress Manufacturing Group Limited	Equity	253,351	-	3%	-	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
PDS Global Investments	Equity	-	50,000	-	100%	British Virgin Islands
PDS Manufacturing Limited	Equity	100	100	100%	100%	Mauritius
PDS Manufacturing Limited	Preference	20,212,000	18,100,000	100%	100%	Mauritius
PDS Multinational FZCO	Equity	42,305	42,305	100%	100%	United Arab Emirates

# Multinational Textile Group Limited

## Notes to and forming part of the financial statements for the year ended 31 March 2024

### 11. Investments in associate

Investments consist of unquoted shares	<b>2024 USD</b>	<b>2023 USD</b>
<b>Cost</b>		
At 01 April	<b>115,981</b>	115,981
At 31 March	<b>115,981</b>	115,981
<b>Share of loss of equity accounted investee</b>		
Share of loss during the year	<b>(115,981)</b>	(115,981)
<b>Carrying amount</b>		
At 31 March	<b>=====</b>	<b>=====</b>

<b>Name of company</b>	<b>Type of shares</b>	<b>Number of shares</b>	<b>2024 % held</b>	<b>2023 % held</b>	<b>Country of incorporation</b>
-----	-----	-----	-----	-----	-----
GWD Enterprise Limited	Equity	100 A shares and 25 B shares	<b>25%</b>	25%	United Kingdom

### 12. Financial assets at fair value through other comprehensive income

	<b>2024 USD</b>	<b>2023 USD</b>
<b>Cost</b>		
At 01 April	<b>321,002</b>	321,002
Movement during the year	<b>-</b>	-
At 31 March	<b>321,002</b>	321,002
<b>Unrealised gain on fair value of financial assets</b>		
At 01 April	<b>16,780</b>	53,478
Movement during the year	<b>40,514</b>	(36,698)
At 31 March	<b>57,294</b>	16,780
<b>Valuation at 31 March</b>	<b>378,296</b>	337,782
	<b>=====</b>	<b>=====</b>

<b>Name of company</b>	<b>Type of shares</b>	<b>Number of shares</b>	<b>2024 % held</b>	<b>2023 % held</b>	<b>Country of incorporation</b>
-----	-----	-----	-----	-----	-----
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**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

**13. Financial assets at fair value through profit or loss**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
<i>Cost</i>		
As at 01 April	<b>135,481</b>	135,481
Disposal during the year	<b>(135,481)</b>	-
	-----	-----
<b>Balance as at 31 March</b>	-	135,481
	-----	-----
<i>Unrealised gain on fair value of investments</i>		
As at 01 April	<b>6,171</b>	13,761
Movement during the year	<b>(6,171)</b>	(7,590)
	-----	-----
<b>At 31 March</b>	-	6,171
	-----	-----
<b>Valuation at 31 March</b>	-	141,652
	=====	=====

**14. Intangible assets**

	<b>2024</b>	<b>2023</b>
	<b>USD</b>	<b>USD</b>
As at 01 April	<b>287,445</b>	287,168
Additional during the year	-	277
	-----	-----
<b>At 31 March</b>	<b>287,445</b>	287,445
	=====	=====

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

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 15. Deposit on shares

	2024 USD	2023 USD
As at 01 April	17,388,096	17,388,096
Addition during the year	250,000	-
Allotted during the year	(1,500,000)	-
Reclassified to prepayments	(438,096)	-
	-----	-----
Balance as at 31 March	15,700,000	17,388,096
	=====	=====

#### 16. Other receivables

	2024 USD	2023 USD
Loan / advances to subsidiaries	7,285,215	1,865,202
Other receivables	3,584,601	4,403,356
Interest receivable	133,361	39,722
Corporate service fees receivable	19,878	64,488
Management fees receivable	290,911	234,235
Commission receivable	14,991	19,360
Leave and gratuity receivable	8,160	-
Prepaid expenses	693,483	795
	-----	-----
	12,030,600	6,627,158
	=====	=====

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

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

#### 17. Stated capital

	2024 USD	2023 USD
<i>Stated capital</i>		
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.

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 18. Other payables

(a) Non-current liabilities	2024	2023
	USD	USD
Advance from related party	<b>44,500,000</b> =====	30,000,000 =====
 (b) Current liabilities		
	2024	2023
	USD	USD
Advance from related party	<b>5,482,148</b>	21,612,000
Other payable	<b>3,275,585</b>	605,736
Accrued expenses	<b>31,273</b>	27,818
	<b>8,789,006</b> =====	22,245,554 =====

#### 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.

		2024	2023
		USD	USD
<b>Name of related companies:</b>	<b>Nature</b>		
Blueprint Design Limited	Advanced	<b>4,170,000</b>	-
Blueprint Design Limited	Impaired	<b>(4,169,999)</b>	-
Brand Collective Ltd	Accrued	<b>13,322</b>	-
	(Advance payment) /		
Clover Collections	accrued	-	-
Clover Collections FZCO	(Received)	<b>(36,000)</b>	-
Collaborative Sourcing Services FZCO	Accrued	<b>1,242</b>	-
DBS Lifestyle India	Accrued	<b>26,824</b>	-
Deepak Seth	Repaid	<b>126,940</b>	1,800,000
Design Arc Asia Limited	Accrued	<b>587,451</b>	501,801
Design Arc Asia Limited	(Received)	<b>(955,165)</b>	(514,206)
FX Import Company Limited	Accrued	-	24,233
Green Apparel Industries Limited	Accrued	-	185,250
Green Apparel Industries Limited	(Received)	-	(131,000)
Grupo Sourcing Limited	Accrued	<b>89,299</b>	91,764
Grupo Sourcing Limited	(Received)	<b>(87,200)</b>	(92,836)
GWD Enterprises Limited	Re-assignment	-	(932,203)
Kleider Sourcing FZCO	Advance	-	(78,119)

## Multinational Textile Group Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

<i>Name of related companies:</i>	<i>Nature</i>	2024 USD	2023 USD
Krayons Sourcing Limited	Accrued	204,864	143,019
Krayons Sourcing Limited	(Received)	(349,440)	(137,256)
LILLY AND SID	Accrued	5,617	-
Nor Lanka Manufacturing	Accrued	-	414,706
Nor Lanka Manufacturing	(Received)	(6,084)	(420,790)
NORLANKA BRANDS	Accrued	422	-
Norwest Industries Limited	Accrued	32,269,764	46,980,791
Norwest Industries Limited	(Received)	37,978,947	(78,358,474)
PDS Ltd	Accrued	20,803,971	11,801,626
PDS Ltd	(Received)	(25,623,693)	(9,100,808)
PDS Manufacturing Limited	Advance	10,000	186,880
PDS Multinational FZCO	Accrued	5,200,000	-
PDS Multinational FZCO	(Received)	(9,312,000)	-
PDS Sourcing Limited	Loan / Advances given to	12,216,789	11,308,370
PDS Sourcing Limited	(Received)	(8,476,747)	(563,906)
PDS Ventures Limited	(Received)	(612,065)	13,216
Poeticgem International Limited	Accrued	1,109,234	1,002,068
Poeticgem International Limited	(Received)	(1,508,253)	(888,304)
Poeticgem Limited	Received	-	26,892
Priscilla Investments Limited	Accrued	3,133,361	-
Pro Trusted Med Tech	Repaid	-	13,657.00
Progress Manufacturing Group Limited	Received	-	20,094
PROGRESSIVE CRUSADE			-
UNIPESOAL	Accrued	778	-
Ravindra Chetty	(Received)	(1,100)	-
Simple Approach Limited	Accrued	889,337	1,524,412
Simple Approach Limited	(Received)	(977,851)	(1,322,214)
Sourcing Solutions Limited	Accrued	-	69,916
Sourcing Solutions Limited	(Received)	(12,783)	(73,262)
Spring Near East FZCO	Given	-	(196,555)
Spring Near East Manufacturing Ltd	Accrued	-	293,218
Spring Near East Manufacturing Ltd	(Received)	-	(250,759)
Sunny Up Ltd	Accrued	17,122	-
Techno Design HK	Accrued	433,025	1,944,547
Techno Design HK	(Received)	(326,957)	(2,000,010)
Trilegal	Accrued	37,037	-
Twins Asia limited	Accrued	32,576	-

# Multinational Textile Group Limited

## Notes to and forming part of the financial statements for the year ended 31 March 2024

### 19. Related party transactions (continued)

		2024 USD	2023 USD
<b>Balances outstanding at 31 March:</b>	<b>Nature</b>		
Blueprint Design Limited	Loan receivable	4,170,000	-
Brand Collective Ltd	Amount receivable	13,322	-
Clover Collections FZCO	Amount (payable)	(36,000)	-
Collaborative Sourcing Services FZCO	Amount receivable	1,242	-
DBS Lifestyle India	Amount receivable	26,824	-
Deepak Seth	Amount payable	-	(126,940)
Design Arc Asia Limited	Amount (payable)	(348,353)	19,361
FX Import Company Limited	Amount receivable	-	24,233
GoodEarth Apparels Limited	Amount receivable	17,439	-
Grupo Sourcing Limited	Amount (payable)	(4,054)	(6,153)
GWD Enterprises Limited	Amount receivable	1	1
KPMG	Amount (payable)	(124,149)	-
Krayon Sourcing Limited	Amount (payable)	(144,576)	-
LILLY AND SID	Amount receivable	5,617	-
Nor Lanka Manufacturing	Amount receivable	-	6,084
NORLANKA BRANDS	Amount receivable	422	-
Norwest Industries Limited	Amount (payable)	(47,308,591)	(41,599,408)
PDS Lifestyle Limited	Amount receivable	135,590	-
PDS Ltd	Amount (payable)	(595,435)	4,224,287
PDS Manufacturing Limited	Amount receivable	196,880	186,880
PDS Multinational FZCO	Amount (payable)	(3,987,810)	124,190
PDS Sourcing Limited	Amount receivable	3,062,289	(677,753)
PDS Ventures Limited	Amount receivable	-	612,065
PG Capital FZE	Amount receivable	7,500	7,500
Poeticgem International Limited	Amount (payable)	(380,356)	18,663
Priscilla Investments Limited	Amount receivable	3,133,361	-
Pro Trusted Med Tech	Amount (payable)	(13,657)	(13,657)
PROGRESSIVE CRUSADE			
UNIPESSOAL	Amount receivable	778	-
Ravindra Chetty	Amount (payable)	(1,100)	-
Simple Approach Limited	Amount receivable	51,734	140,248
Sourcing Solutions Limited	Amount receivable	-	12,783
Sunny Up Ltd	Amount receivable	17,122	-
Techno Design HK	Amount receivable	57,215	(48,853)
Trilegal	Amount payable	-	(37,037)
Twin Asia	Amount receivable	32,576	-
		=====	=====

## **Multinational Textile Group Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

#### **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. 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 2024

	2024 USD	2023 USD
<b>Revenue</b>		
Dividend income	21,802,018	11,251,580
Management fees income	4,255,383	3,954,247
Recharge fee income	2,321,036	177,146
IT licence income	917,666	72,296
SAP fees income	613,187	523,269
Corporate service fees income	286,420	559,457
Commission income	285,796	706,555
Insurance fees income	24,681	-
Leave and gratuity income	8,160	-
	<b>30,514,347</b>	<b>17,244,550</b>
	=====	=====
<b>Expenses</b>		
Corporate service fees	11,613,341	8,266,965
Recharge expenses	2,320,876	-
Professional fee	163,137	463,861
Consultancy fees	138,276	50,200
Director's cost	50,000	37,500
Accounting fee	21,955	21,954
Audit fee	18,405	18,405
Bank charges	14,483	15,336
Administration fees	2,852	-
License fees	2,270	2,270
Disbursements	86	950
Training cost	-	15,000
Compliance fees	-	12
	<b>14,345,681</b>	<b>8,892,453</b>
	-----	-----
<b>Profit from operating activities</b>	<b>16,168,666</b>	<b>8,352,097</b>
	-----	-----
Reversal of impairment / (impairment) of investments and loans	-	437,999
Loss on revaluation of financial assets at fair value through profit or loss	-	(7,590)
Payables waived-off	-	2,338
Receivables written-off	(24,233)	-
Investments written-off	(50,000)	-
Unrealised gain on revaluation of financial assets measured at fair value through profit and loss	4,472	-
Loss on disposal of subsidiary	(2,303)	-
	<b>(72,064)</b>	<b>432,747</b>
	-----	-----
Net finance income	<b>132,171</b>	<b>16,667</b>
	-----	-----
<b>Profit before taxation</b>	<b>16,228,773</b>	<b>8,801,511</b>
	=====	=====

**Company registration number 14841429 (England and Wales)**

**NEW LOBSTER LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

**NEW LOBSTER LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr B Shah	(Appointed 12 June 2023)
	Mr S Ballari	(Appointed 12 June 2023)
	Mr S Jatar	(Appointed 12 June 2023)
	Mr S Goodwin	(Appointed 12 June 2023)

<b>Company number</b>	14841429
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<b>Registered office</b>	111-117 Cleveland Street London W1T 6PX
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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**NEW LOBSTER LIMITED**

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# NEW LOBSTER LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 MARCH 2024

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The directors present the strategic report for the period ended 31 March 2024.

#### **Review of the business**

The company trades in apparel and accessories and being a core licensee operates as a global hub for the design and merchandising functions of the Ted Baker brand.

The results for the year are disclosed on page 8. The company performed well throughout FY24, its first year of operation. Our key performance indicators are turnover and profitability. Thanks to our customers and business partners, the turnover for the year is £48.7m and the pre-tax profit is £2.7m. During the year, the company declared a dividend of £1.9m.

The Directors and senior management team are optimistic about the long-term future and profitability of the company.

#### **Principal risks and uncertainties**

The company expects the market to continue to be challenging and competitive in the coming year. The primary risks to the business and expansion are counterparty risks in the current dynamic and evolving environment. On the other hand, we believe the company is in a good position to capitalize on its leadership, design, and merchandising skills.

#### **Development and performance**

We believe the company is well established in our markets with strong recognition of the Ted Baker brand. We are actively involved in attracting new strong partnerships and customers while building deeper relationships with existing customers. With a strong foundation and robust support from the ultimate parent company, the company is well-positioned for long-term growth and consistent performance.

On behalf of the board

*Bhavesh Shah*

.....  
Mr B Shah

**Director**

Date: 11/05/2024  
.....

# **NEW LOBSTER LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the period ended 31 March 2024.

#### **Principal activities**

The company was incorporated on 2 May 2023. The company began trading on 13 June 2023. The principal activity of the company is that of the selling and manufacturing of garments.

#### **Results and dividends**

The results for the period are set out on page 8.

Ordinary dividends were paid amounting to £1,895,258. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr B Shah	(Appointed 12 June 2023)
Mr S Ballari	(Appointed 12 June 2023)
Mr R Osborne	(Appointed 2 May 2023 and resigned 12 June 2023)
Mr M Dench	(Appointed 2 May 2023 and resigned 12 June 2023)
Mr S Jatar	(Appointed 12 June 2023)
Mr S Goodwin	(Appointed 12 June 2023)

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# NEW LOBSTER LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

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### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*Bhavesh Shah*

.....  
Mr B Shah

**Director**

Date: 11/05/2024

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW LOBSTER LIMITED

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### Opinion

We have audited the financial statements of New Lobster Limited (the 'company') for the period ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NEW LOBSTER LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF NEW LOBSTER LIMITED**

---

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF NEW LOBSTER LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 11/05/2024

**Chartered Accountants**  
**Statutory Auditor**

**NEW LOBSTER LIMITED****INCOME STATEMENT****FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
	<b>Notes</b>	
Revenue	<b>3</b>	48,701,950
Cost of sales		(30,217,152)
		<hr/>
<b>Gross profit</b>		18,484,798
Distribution costs		(5,238,150)
Administrative expenses		(11,661,880)
Other operating income		1,585,167
		<hr/>
<b>Operating profit</b>	<b>4</b>	3,169,935
Finance costs	<b>7</b>	(461,797)
		<hr/>
<b>Profit before taxation</b>		2,708,138
Tax on profit	<b>8</b>	(677,035)
		<hr/>
<b>Profit and total comprehensive income for the financial period</b>		<u><u>2,031,103</u></u>

**NEW LOBSTER LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	£
<b>Non-current assets</b>			
Intangible assets	10		74,100
Property, plant and equipment	11		79,779
			<hr/> 153,879
<b>Current assets</b>			
Inventories	12	4,402,395	
Trade and other receivables	13	30,133,842	
Cash and cash equivalents		1,205,827	
		<hr/> 35,742,064	
<b>Current liabilities</b>	14	(21,156,469)	
		<hr/>	
<b>Net current assets</b>			14,585,595
			<hr/>
<b>Net assets</b>			14,739,474
			<hr/> <hr/>
<b>Equity</b>			
Called up share capital	19		3
Share premium account	20		14,599,998
Share-based payments reserve	21		3,628
Retained earnings			135,845
			<hr/>
<b>Total equity</b>			14,739,474
			<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 11/05/2024  
and are signed on its behalf by:

*Bhavesh Shah*

.....  
Mr B Shah

**Director**

Company registration number 14841429 (England and Wales)

**NEW LOBSTER LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

		Share capital	Share premium account	Share- based payments reserve	Retained earnings	Total
	Notes	£	£	£	£	£
<b>Balance at 2 May 2023</b>		-	-	-	-	-
<b>Period ended 31 March 2024:</b>						
Profit and total comprehensive income		-	-	-	2,031,103	2,031,103
Transactions with owners:						
Issue of share capital	<b>19</b>	3	14,599,998	-	-	14,600,001
Dividends	<b>9</b>	-	-	-	(1,895,258)	(1,895,258)
Other movements		-	-	3,628	-	3,628
<b>Balance at 31 March 2024</b>		<u>3</u>	<u>14,599,998</u>	<u>3,628</u>	<u>135,845</u>	<u>14,739,474</u>

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

##### Company information

New Lobster Limited is a private company limited by shares incorporated in England and Wales. The registered office is 111-117 Cleveland Street, London, W1T 6PX. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Reporting period

The company was incorporated on 2 May 2023. Therefore the accounts for the period ended 31st March 2024 represent 11 months.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of PDS Lifestyle Limited. The group accounts of PDS Lifestyle Limited are available to the public and can be obtained as set out in note 23.

##### 1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### 1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

###### Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

###### Agency commission receivable

Commission receivable is earned when the supplier delivers to the end customers.

##### 1.5 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	3 years straight line
----------	-----------------------

##### 1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	10 years straight line
Computers	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### *Financial assets at fair value through profit or loss*

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### *Financial assets held at amortised cost*

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

##### *Financial assets at fair value through other comprehensive income*

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

##### *Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### 1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.13 Taxation

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

##### *Current tax*

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

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Share-based payments

The ultimate parent company PDS Limited has issued share options to certain directors and employees. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black - Scholes option pricing model. The fair value will be charged as an expense in the profit or loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

# NEW LOBSTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

##### **Critical judgements**

##### **Share-based payments**

The Group operates an employee compensation scheme, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgement in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period.

These assumptions include the future volatility of the Company's share price, future dividend yield and the rate that which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards, and hence the charge made in the income statement, could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 24. The Group uses a professional valuer in the determination of the fair value of options at grant date.

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024****3 Revenue**

	<b>2024</b>
	<b>£</b>
<b>Revenue analysed by class of business</b>	
Wholesale and Franchise sales	42,698,267
Agency commission	6,003,683
	<u>48,701,950</u>

	<b>2024</b>
	<b>£</b>
<b>Revenue analysed by geographical market</b>	
United Kingdom	23,272,195
Rest of the world	25,429,755
	<u>48,701,950</u>

**4 Operating profit**

	<b>2024</b>
	<b>£</b>
Operating profit for the period is stated after charging/(crediting):	
Exchange losses	70,159
Fees payable to the company's auditor for the audit of the company's financial statements	37,850
Depreciation of property, plant and equipment	14,510
Cost of inventories recognised as an expense	27,704,245
Share-based payments	3,628
	<u>27,829,392</u>

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

	<b>2024</b>
	<b>Number</b>
Management	4
Finance/HR/Administration/Compliance	7
Marketing & sales	32
Designers	70
Trading	28
	<u>141</u>

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2024**

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**5 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2024</b>
	<b>£</b>
Wages and salaries	5,320,470
Social security costs	631,510
Pension costs	244,995
	<hr/>
	6,196,975
	<hr/>

**6 Directors' remuneration**

	<b>2024</b>
	<b>£</b>
Remuneration for qualifying services	38,431
Company pension contributions to defined contribution schemes	23,212
	<hr/>
	61,643
	<hr/>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1.

**7 Finance costs**

	<b>2024</b>
	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>	
Interest on bank overdrafts and loans	461,797
	<hr/>

**8 Taxation**

	<b>2024</b>
	<b>£</b>
<b>Current tax</b>	
UK corporation tax on profits for the current period	677,035
	<hr/>

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024****8 Taxation****(Continued)**

The charge for the period can be reconciled to the profit per the income statement as follows:

	<b>2024</b>
	<b>£</b>
Profit before taxation	2,708,138
	<u>          </u>
Expected tax charge based on a corporation tax rate of 25.00%	677,035
	<u>          </u>
Tax charged in the financial statements	677,035
	<u>          </u>

**9 Dividends**

	<b>2024</b>	<b>2024</b>
	<b>per share</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Amounts recognised as distributions:		
<b>Ordinary shares</b>		
Interim dividend paid	537,643.33	1,612,903
	<u>          </u>	<u>          </u>
Interim dividend paid	94,118.33	282,355
	<u>          </u>	<u>          </u>
<b>Total dividends</b>		
Interim dividends paid		1,895,258
		<u>          </u>

**10 Intangible fixed assets**

	<b>Softwares</b>
	<b>£</b>
<b>Cost</b>	
Additions - purchased	74,100
	<u>          </u>
At 31 March 2024	74,100
	<u>          </u>
<b>Carrying amount</b>	
At 31 March 2024	74,100
	<u>          </u>

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024****10 Intangible fixed assets****(Continued)**

The software costs will not be amortised until the asset is in use. Hence, no amortisation was charged in the period to 31 March 2024.

**11 Property, plant and equipment**

	Fixtures and fittings	Computers	Total
	£	£	£
<b>Cost</b>			
At 2 May 2023	-	-	-
Additions	6,194	88,095	94,289
	<hr/>	<hr/>	<hr/>
At 31 March 2024	6,194	88,095	94,289
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation and impairment</b>			
At 2 May 2023	-	-	-
Charge for the period	310	14,200	14,510
	<hr/>	<hr/>	<hr/>
At 31 March 2024	310	14,200	14,510
	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>			
At 31 March 2024	5,884	73,895	79,779
	<hr/>	<hr/>	<hr/>

**12 Inventories**

	2024
	£
Finished goods	4,402,395
	<hr/>

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024****13 Trade and other receivables**

	<b>2024</b>
	<b>£</b>
Trade receivables	17,860,931
Provision for bad and doubtful debts	(750,161)
	<u>17,110,770</u>
Amount owed by parent undertaking	12,650,819
Other receivables	303,295
Prepayments and accrued income	68,958
	<u><u>30,133,842</u></u>

**14 Liabilities**

	<b>Notes</b>	<b>2024</b>
		<b>£</b>
Borrowings	<b>15</b>	9,383,760
Trade and other payables	<b>16</b>	10,643,699
Corporation tax		677,035
Other taxation and social security		451,975
		<u>21,156,469</u>

**15 Borrowings**

	<b>2024</b>
	<b>£</b>
<b>Borrowings held at amortised cost:</b>	
Bank overdrafts	9,383,760

Bank overdrafts are due for review in September 2024. The average effective interest rate on bank overdrafts approximates to 9.25% per annum.

The bank overdraft is secured by a charge on the assets of the company.

**NEW LOBSTER LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2024****16 Trade and other payables**

	<b>2024</b>
	<b>£</b>
Trade payables	3,343,755
Amounts owed to fellow group undertakings	438,829
Accruals and deferred income	1,503,554
Other payables	5,357,561
	<u>10,643,699</u>

**17 Retirement benefit schemes**

	<b>2024</b>
	<b>£</b>
<b>Defined contribution schemes</b>	
Charge to profit or loss in respect of defined contribution schemes	<u>244,995</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Expenses**

Related to equity settled share based payments	<u>3,628</u>
--	--------------

**19 Share capital**

	<b>2024</b>	<b>2024</b>
	<b>Number</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
Ordinary shares of £1 each	<u>3</u>	<u>3</u>

During the year, the company issued 3 Ordinary shares of £1 each at premium of £4,866,666 per share.

**20 Share premium account**

	<b>2024</b>
	<b>£</b>
At the beginning of the period	-
Issue of new shares	<u>14,599,998</u>
At the end of the period	<u>14,599,998</u>

## NEW LOBSTER LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 31 MARCH 2024

#### 21 Share-based payments reserve

	2024 £
At the beginning of the period	-
Other movements	3,628
	<hr/>
At the end of the period	3,628
	<hr/>

#### 22 Related party transactions

At the year end, £12,650,819 was owed from PDS Lifestyle Limited, the immediate parent company.

At the year end, £302,492 was owed to PDS Multinational FZCO.

At the year end, £96,681 was owed to Design Arc Asia Limited.

At the year end, £39,656 was owed to PDS Asia Star Corporation Limited.

During the year, the company paid consultancy fee of £290,000 to L&S Retail Limited, where Mr S Goodwin is a Director.

PDS Multinational FZCO is a subsidiary of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

Norwest Industries Limited owns 98% of the shares of the shares in Design Arc Asia Limited. Norwest Industries Limited, Hong Kong is a subsidiary of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

PDS Sourcing Limited owns 60% of the shares in PDS Asia Star Corporation Limited. PDS Sourcing Limited is a subsidiary of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

#### 23 Controlling party

The immediate parent company is PDS Lifestyle Limited, a company registered in the United Kingdom, and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Corporate Office: Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**Independent Auditor's Report**

**TO THE MEMBERS OF NODES STUDIO LDA**

**Report on the Audit of the Special purpose financial statements**

**Opinion**

We have audited the accompanying special purpose financial statements of NODES STUDIO LDA ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss, including Other Comprehensive Income (herein after referred to as "special purpose financial statements"). The special purpose financial statements have been prepared by the management of Company, solely for the purpose of preparation of the consolidated financial statements of its ultimate holding company, PDS Limited.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss total comprehensive loss for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibility for the Audit of the special purpose financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

**Information other than the special purpose financial statements and Auditor's report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors report, but does not include the special purpose financial statements and our auditors' report thereon.

Our opinion on the special purpose 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 special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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.

### **Management's Responsibility for the special purpose financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Special purpose financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 SAs 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose 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 special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

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

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

## Other Reporting Requirements

We further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid special purpose financial statements.
- b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), are dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the special purpose financial statements.

## Basis of Accounting and Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for the internal use of the Company. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. It should not be used for any other purpose without our prior written consent.

For **PRASHANT SHAH & CO**  
Chartered Accountants  
Firm Registration No. 146854W



PRASHANT SHAH  
Proprietor  
Membership No. 303286  
Place: Mumbai  
Date: 10 May 2024  
UDIN: 24303286BKAJRZ2701

**Nodes Studio Lda**  
**Balance Sheet as at March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	As at March 31, 2024
<b>ASSETS</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	1,716
(b) Intangible assets	-
(c) Financial assets	
i) Investments	-
ii) Other financial assets	-
(d) Deferred tax assets	-
(e) Other assets	-
<b>Total Non-current assets</b>	<b>1,716</b>
<b>Current assets</b>	
(a) Financial assets	
(i) Inventories	153,436
(ii) Trade Receivables	7,918
(iii) Cash and cash equivalents	72,777
(iv) Other financial assets	31,741
(b) Other current tax assets	-
(c) Other assets	47,717
<b>Total Current assets</b>	<b>313,590</b>
<b>Total Assets</b>	<b>315,306</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
(a) Equity share capital	100
(b) Other equity	(492,721)
<b>Total Equity</b>	<b>(492,621)</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
(a) Provisions	-
(a) Financial Liabilities	
(i) Lease liabilities	-
(ii) Other financial liabilities	-
<b>Total Non-current liabilities</b>	<b>-</b>
<b>Current liabilities</b>	
(a) Financial Liabilities	
(i) Lease liabilities	-
(ii) Trade payables	
- Due to micro and small enterprises	-
- Due to others	203,044
(iii) Other financial liabilities	-
(b) Provisions	-
(c) Other current liabilities	604,882
<b>Total Current liabilities</b>	<b>807,926</b>
<b>Total Equity and Liabilities</b>	<b>315,306</b>

See accompanying notes forming part of the financial statements

In terms of our report attached.

**For PRASHANT SHAH & CO**

Chartered Accountants

Firm Registration Number : 146854W

*Prashant Shah*  
**Prashant Shah**

Proprietor

Membership Number : 303286



**For and on behalf of the Board of Directors of**  
**Nodes Studio Lda**

*Roland Seregi*  
**Roland Seregi**

Director

Director

Mumbai

May 10, 2024

**Nodes Studio Lda****Statement of Profit and Loss for the year ended March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	Year ended on March 31, 2024
I Revenue from operations	72,560
II Other income	-
III <b>Total income (I + II)</b>	<b>72,560</b>
IV <b>Expenses</b>	
(a) Cost of Goods Sold	26,107
(b) Employee benefit expense	444,409
(c) Depreciation and amortisation expense	5,727
(d) Finance Cost	-
(e) Other expenses	89,038
<b>Total expenses (IV)</b>	<b>565,282</b>
V <b>Profit before tax (III - IV)</b>	<b>(492,722)</b>
VI Tax expense	
(a) Current tax	-
(b) Less: Minimum Alternative Tax Credit	-
(b) Deferred tax charge / (credit)	-
VII <b>Profit for the year (V - VI)</b>	<b>(492,721)</b>
VIII <b>Other comprehensive income</b>	
Items that will not be reclassified to profit or loss	
(a) Net gain on instruments measured at fair value through other comprehensive	-
(b) Income tax relating to items that will not be reclassified to profit or loss	-
	-
IX <b>Total comprehensive income (VII + VIII)</b>	<b>(492,721)</b>
X <b>Earnings per equity share</b>	
(1) Basic (in Euro)	(4,927.21)
(2) Diluted (in Euro)	(4,927.21)

**See accompanying notes forming part of the financial statements**

In terms of our report attached.

**For PRASHANT SHAH & CO**

Chartered Accountants

Firm Registration Number : 146854W


**Prashant Shah**

Proprietor

Membership Number : 303286

**For and on behalf of the Board of  
Nodes Studio Lda**

**Roland Seregi**

Diretor

Mumbai

May 10, 2024

Report of the Directors and Audited Financial Statements

NORWEST INDUSTRIES LIMITED

31 March 2024

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ERNST & YOUNG



NORWEST INDUSTRIES LIMITED

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## NORWEST INDUSTRIES LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of Norwest Industries Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 31 March 2024.

#### Principal activities

The principal activity of the Company has not changed during the year and was the trading of garments. Details of the principal activities of the Company’s subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group’s principal activities during the year.

#### Results and dividends

The Group’s profit for the year ended 31 March 2024 and the Group’s financial position at that date are set out in the financial statements on pages 6 to 94.

An interim dividend of US\$2.50 per ordinary share was paid on 19 May 2023. 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:

Deepak Kumar Seth

Krishna Kanodia

Yael Gairola

Srinivas Bangalore Gangaiah

(appointed on 10 April 2023)

Ashish Gupta

(resigned on 10 April 2023)

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Abhishekh Kanoi

Albert Farre Moll

Alexandra Louise Pickles

Alex Feng

Amandeep Kumar Bagga

Amit Bajrang Agrawal

Anuj Banaik

Ashok Kumar Chhabra

Ashok Kumar Sanghi

Bhaves Dinesh Shah

Charles Edward Guy Rudge

Eric Kahlil Leddel

Gaurav Pandey

Iftekhhar Ullah Khan

Imran Peter Rath

Jacek Ostrowski

Jean Yu

Jolly Abhiroop

Kipik Safak

Luo Jiehua

Mahesh Seth

Mohandas Thekkeyil

Pallak Seth

Raamann Ahuja

Rakesh Chadha

## NORWEST INDUSTRIES LIMITED

### REPORT OF THE DIRECTORS (continued)

#### Directors (continued)

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were: (continued)

Rajnish Kapoor	
Raveesh Khanna	
R M Appuhamillage Chandana Asanka Ranatunga	
Sandeep Ramesh Chablani	
Sukhlina Minhas	
Suresh Mahadev Punjabi	
Vinal Patel	
Mohammad Abul Hasnat Khan	(appointed on 25 July 2023)
Muhammad Shahed Mahmud	(appointed on 25 July 2023)
Rahul Khettry	(appointed on 26 July 2023)
Roland Tamas Seregi	(appointed on 22 November 2023)
Sadikbhai Ismailbhai Sunasara	(appointed on 25 April 2024)
Sandra Campos	(appointed on 28 November 2023)
Khanna Reveesh	(resigned on 31 May 2023)
Mayank Vimal Agarwal	(resigned on 26 July 2023)
Tarasi Isabella	(resigned on 1 December 2023)

In accordance with the Company's articles of association, all directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

#### Directors' interests

At no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

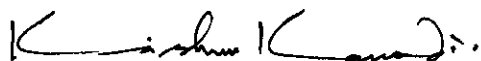
#### Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries, holding companies or fellow subsidiaries was a party during the year.

#### Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....  
Krishna Kanodia  
Director

Hong Kong  
14 May 2024



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道 979 號  
太古坊一座 27 樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**Independent auditor's report**  
**To the member of Norwest Industries Limited**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the consolidated financial statements of Norwest Industries Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 94, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the 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 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, 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 of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

**Independent auditor's report (continued)**  
**To the member of Norwest Industries Limited**  
(Incorporated in Hong Kong with limited liability)

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

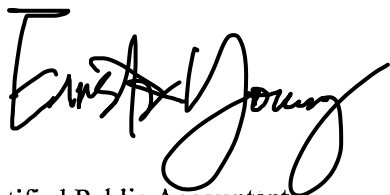
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could 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 HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

**Independent auditor's report (continued)**  
**To the member of Norwest Industries Limited**  
(Incorporated in Hong Kong with limited liability)

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**  
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, which appears to be 'Ernst & Young', is written over the printed name.

Certified Public Accountants  
Hong Kong  
14 May 2024

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
REVENUE	4	3,106,067,713	3,609,755,428
Cost of sales		( 2,703,645,498)	( 3,140,833,416)
Gross profit		402,422,215	468,922,012
Other income and gains	4	176,075,635	140,685,674
Selling and distribution expenses		( 111,330,062)	( 126,635,553)
Administrative expenses		( 371,350,459)	( 341,015,506)
Other operating expenses		( 22,800,787)	( 16,653,582)
Finance costs	6	( 26,620,463)	( 24,360,923)
Share of profits and losses of associates		4,368,890	( 1,519,909)
PROFIT BEFORE TAX	5	50,764,969	99,422,213
Income tax expenses	8	( 1,960,543)	( 3,944,937)
PROFIT FOR THE YEAR		<u>48,804,426</u>	<u>95,477,276</u>
Attributable to:			
Owners of the parent		50,426,175	95,487,809
Non-controlling interests		( 1,621,749)	( 10,533)
		<u>48,804,426</u>	<u>95,477,276</u>

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
PROFIT FOR THE YEAR		<u>48,804,426</u>	<u>95,477,276</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent period:			
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments arising during the year	24	( 19,576)	( 444,994)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	24	( 1,261,189)	( 1,681,585)
		( 1,280,765)	( 2,126,579)
Exchange differences on translation of foreign operations		116,007	( 3,063,285)
Share of other comprehensive income/(loss) of an associate		<u>521,727</u>	<u>( 827,930)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax		<u>( 643,031)</u>	<u>( 6,017,794)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent period:			
Remeasurement gain/(loss) on defined benefit obligations	26	1,347,000	( 877,214)
Changes in fair value of financial assets at fair value through other comprehensive income		<u>-</u>	<u>2,568,146</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		<u>1,347,000</u>	<u>1,690,932</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>703,969</u>	<u>( 4,326,862)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>49,508,395</u>	<u>91,150,414</u>
Attributable to:			
Owners of the parent		51,070,469	92,295,234
Non-controlling interests		<u>( 1,562,074)</u>	<u>( 1,144,820)</u>
		<u>49,508,395</u>	<u>91,150,414</u>

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 HK\$	2023 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	10	34,291,229	38,902,880
Investment properties	11	24,162,537	24,896,008
Right-of-use assets	12(a)	25,989,480	30,829,180
Financial assets at fair value through profit or loss	13	29,409,260	28,539,447
Financial assets at fair value through other comprehensive income	14	6,133,794	6,133,794
Investment in an associate	15	8,152,687	450,811
Goodwill	16	18,399,459	15,597,071
Intangible assets	17	621,504	107,364
Deposits	20	3,630,344	1,473,477
Deferred tax assets	25	170,130	26,947
Total non-current assets		<u>150,960,424</u>	<u>146,956,979</u>
CURRENT ASSETS			
Inventories	18	109,273,099	112,137,154
Trade receivables	19	374,343,754	270,496,258
Prepayments, deposits and other receivables	20	76,891,715	77,211,284
Financial assets at fair value through profit or loss	13	12,819,901	50,666,672
Financial assets at fair value through other comprehensive income	14	4,644,335	11,911,880
Due from the ultimate holding company	36(b)	115,471,421	20,549,660
Due from the immediate holding company	36(b)	372,810,751	401,356,366
Due from fellow subsidiaries	36(b)	586,160,831	429,360,301
Due from non-controlling shareholders	36(b)	34,247	75,092
Due from directors	36(b)	40,845	3,704,113
Due from a related company	36(b)	4,668,000	8,262,434
Due from an associate	36(b)	-	10,633,275
Derivative financial instruments	24	1,387,880	530,110
Pledged time deposits	21	130,257,578	163,520,824
Cash and cash equivalents	21	105,311,109	128,255,524
Total current assets		<u>1,894,115,466</u>	<u>1,688,670,947</u>

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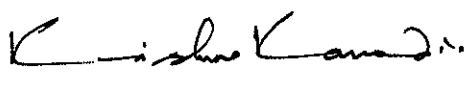
NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	Notes	2024 HK\$	2023 HK\$
<b>CURRENT LIABILITIES</b>			
Trade and bills payables		460,356,889	372,981,536
Other payables and accruals	22	110,412,541	119,758,729
Lease liabilities	12(b)	8,139,326	8,345,131
Interest-bearing bank borrowings	23	279,021,999	238,441,333
Due to fellow subsidiaries	36(b)	418,232,231	289,437,813
Due to an associate	36(b)	2,693,430	-
Due to a director		38,900	-
Derivative financial instruments	24	2,797,682	659,146
Tax payable		3,954,426	4,974,237
Total current liabilities		<u>1,285,647,424</u>	<u>1,034,597,925</u>
NET CURRENT ASSETS		<u>608,468,042</u>	<u>654,073,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>759,428,466</u>	<u>801,030,001</u>
<b>NON-CURRENT LIABILITIES</b>			
Other payables	22	9,489,044	9,963,198
Lease liabilities	12(b)	19,418,373	23,345,183
Deferred tax liabilities	25	107,181	107,181
Total non-current liabilities		<u>29,014,598</u>	<u>33,415,562</u>
Net assets		<u>730,413,868</u>	<u>767,614,439</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	27	31,120,000	31,120,000
Reserves	29	<u>724,327,438</u>	<u>747,934,458</u>
		755,447,438	779,054,458
Non-controlling interests		<u>( 25,033,570)</u>	<u>( 11,440,019)</u>
Total equity		<u>730,413,868</u>	<u>767,614,439</u>

.....  
Deepak Kumar Seth  
Director

  
.....  
Krishna Kanodia  
Director

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

Attributable to owners of the parent											
Notes	Share capital HK\$	Hedging reserve HK\$	Capital reserve HK\$	Fair value reserve of financial assets at fair value through other comprehensive income HK\$	Contribution from the ultimate holding company HK\$	Retained profits HK\$	Exchange reserve HK\$	Total HK\$	Non controlling interests HK\$	Total equity HK\$	
At 1 April 2022	31,120,000	1,997,542	( 16,997,173)	1,421,454	2,853,409	702,020,855	( 820,860)	721,595,227	9,800,015	731,395,242	
Profit for the year	-	-	-	-	-	95,487,809	-	95,487,809	( 10,533)	95,477,276	
Other comprehensive income/(loss) for the year:											
Cash flow hedges, net of tax	-	( 2,126,579)	-	-	-	-	-	( 2,126,579)	-	( 2,126,579)	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	( 2,057,825)	( 2,057,825)	( 1,005,460)	( 3,063,285)	
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	2,568,146	-	-	-	2,568,146	-	2,568,146	
Share of other comprehensive loss of an associate	-	-	-	-	-	-	( 827,930)	( 827,930)	-	( 827,930)	
Remeasurement of defined benefit plan, net of tax	-	-	-	-	-	( 748,387)	-	( 748,387)	( 128,827)	( 877,214)	
Total comprehensive income/(loss) for the year	-	( 2,126,579)	-	2,568,146	-	94,739,422	( 2,885,755)	92,295,234	( 1,144,820)	91,150,414	
Interim 2023 dividend paid	9	-	-	-	-	( 38,900,000)	-	( 38,900,000)	-	( 38,900,000)	
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	( 15,223,692)	( 15,223,692)	
Change in non-controlling interests without change in control		-	-	( 1,351,988)	-	-	-	( 1,351,988)	( 4,871,522)	( 6,223,510)	
Equity-settled share option arrangements	28	-	-	-	5,415,985	-	-	5,415,985	-	5,415,985	
At 31 March 2023		31,120,000	( 129,037)*	( 18,349,161)*	3,989,600*	8,269,394*	757,860,277*	( 3,706,615) *	779,054,458	( 11,440,019)	767,614,439

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# NORWEST INDUSTRIES LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

		Attributable to owners of the parent									
	Notes	Share capital HK\$	Hedging reserve HK\$	Capital reserve HK\$	Fair value reserve of financial assets at fair value through other comprehensive income HK\$	Contribution from the ultimate holding company HK\$	Retained profits HK\$	Exchange reserve HK\$	Total HK\$	Non controlling interests HK\$	Total equity HK\$
At 1 April 2023		31,120,000	( 129,037)	( 18,349,161)	3,989,600	8,269,394	757,860,277	( 3,706,615)	779,054,458	( 11,440,019)	767,614,439
Profit for the year		-	-	-	-	-	50,426,175	-	50,426,175	( 1,621,749)	48,804,426
Other comprehensive income/(loss) for the year:											
Cash flow hedges, net of tax		-	( 1,280,765)	-	-	-	-	-	( 1,280,765)	-	( 1,280,765)
Exchange differences on translation of foreign operations		-	-	-	-	-	-	79,640	79,640	36,367	116,007
Share of other comprehensive loss of an associate		-	-	-	-	-	-	521,727	521,727	-	521,727
Remeasurement of defined benefit plan, net of tax		-	-	-	-	-	1,323,692	-	1,323,692	23,308	1,347,000
Total comprehensive income/(loss) for the year		-	( 1,280,765)	-	-	-	51,749,867	601,367	51,070,469	( 1,562,074)	49,508,395
Interim 2024 dividend paid	9	-	-	-	-	-	( 77,800,000)	-	( 77,800,000)	-	( 77,800,000)
Dividend paid to non-controlling shareholders		-	-	-	-	-	-	-	-	( 11,832,292)	( 11,832,292)
Change in non-controlling interests without change in control		-	-	( 1,505,892)	-	-	-	-	( 1,505,892)	1,544,015	38,123
Contribution from non-controlling interests		-	-	-	-	-	-	-	-	412,476	412,476
Disposal of a subsidiary		-	-	-	-	-	-	-	-	( 31,120)	( 31,120)
Acquisition of a subsidiary	30	-	-	-	-	-	-	-	-	( 2,124,556)	( 2,124,556)
Equity-settled share option arrangements	28	-	-	-	-	4,628,403	-	-	4,628,403	-	4,628,403
At 31 March 2024		31,120,000	( 1,409,802)*	( 19,855,053)*	3,989,600*	12,897,797*	731,810,144*	( 3,105,248) *	755,447,438	( 25,033,570)	730,413,868

\* These reserve accounts comprise the consolidated reserves of HK\$724,327,438 (2023: HK\$747,934,458) in the consolidated statement of financial position.

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		50,764,969	99,422,213
Adjustments for:			
Finance costs	6	26,620,463	24,360,923
Interest income	4	( 5,849,706)	( 2,772,059)
Depreciation of property, plant and equipment	5	15,111,432	12,605,610
Depreciation of investment properties	5	733,471	733,471
Depreciation of right-of-use assets	5	10,415,367	10,690,700
Amortisation of intangible assets	5	65,839	59,418
Gain on termination of leases	5	( 112,722)	( 85,478)
Write-off of items of property, plant and equipment	5	305,914	209,117
Rent concessions from lessors	5	( 11,019)	( 414,607)
Impairment/(reversal of impairment) of trade receivables, net	5	538,338	( 2,573,048)
Write-off of certain amount due from an associate		3,905,944	-
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)	5	1,261,189	1,681,585
Financial assets		( 4,374,233)	2,432,779
Share of losses/(gains) of an associate		( 4,368,890)	1,519,909
Equity-settled share option expenses	5	4,628,403	5,415,985
		99,634,759	153,286,518
Decrease in inventories		3,125,619	43,147,857
Decrease/(increase) in trade receivables		(108,464,686)	363,066,655
Increase in prepayments, deposits and other receivables		( 950,682)	( 17,244,869)
Change in balance with the ultimate holding company		( 94,921,761)	( 19,525,600)
Change in balance with the immediate holding company		28,545,615	( 325,051,270)
Decrease/(increase) in amounts due from fellow subsidiaries		(157,794,620)	212,052,904
Decrease in amounts due from non-controlling shareholders		40,845	-
Decrease in an amount due from a related company		3,594,434	1,851,566
Decrease/(increase) in an amount due from an associate		6,172,021	( 2,899,039)
Decrease in amounts due from a shareholder		196,251	-
Change in balance with directors		3,505,917	4,347,711
Increase/(decrease) in trade and bills payables		87,206,562	( 332,537,819)
Increase/(decrease) in other payables and accruals		( 8,219,313)	8,954,025
Increase in amounts due to fellow subsidiaries		128,412,054	5,797,515
Increase in an amount due to an associate		2,693,430	-
Decrease in derivative financial instruments		( 1,261,189)	( 1,681,585)
Cash generated from/(used in) operations		( 8,484,744)	93,564,569

continued/...

NORWEST INDUSTRIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from/(used in) operations		( 8,484,744)	93,564,569
Hong Kong profits tax paid		( 2,217,470)	( 2,228,897)
Overseas tax paid		( 1,557,657)	( 410,448)
Interest paid		( 24,999,242)	( 23,300,860)
Net cash flows from/(used in) operating activities		( 37,259,113)	67,624,364
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		( 10,649,960)	( 22,605,397)
Acquisition of a subsidiary	30	344,928	( 38,900)
Disposal of subsidiaries	31	( 322,821)	-
Acquisition of an associate		( 8,098,980)	-
Additions to intangible assets		( 579,979)	( 118,995)
Purchases of financial assets at fair value through profit or loss		( 24,876,244)	( 39,716,182)
Proceeds from disposal of financial assets at fair value through profit or loss		66,227,435	25,445,264
Proceeds from disposal of financial assets at fair value through other comprehensive income		11,911,880	1,569,646
Interest received		5,849,706	2,772,059
Decrease/(increase) in pledged time deposits		33,263,246	( 3,996,970)
Net cash flows from/(used in) investing activities		73,069,211	( 36,689,475)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		( 77,800,000)	( 38,900,000)
Dividend paid to non-controlling shareholders		( 11,832,292)	( 15,223,692)
Capital contribution from a non-controlling shareholder		450,599	-
Proceeds from/(repayment of) bank loans, net		28,442,381	( 24,669,935)
Principal portion of lease payments	12	( 9,548,414)	( 8,927,000)
Interest portion of lease payments	12	( 1,621,221)	( 1,060,063)
Net cash flows used in financing activities		( 71,908,947)	( 88,780,690)

continued/...

## NORWEST INDUSTRIES LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2024

	Notes	2024 HK\$	2023 HK\$
NET DECREASE IN CASH AND CASH EQUIVALENTS		( 36,098,849)	( 57,845,801)
Cash and cash equivalents at beginning of year		102,314,874	162,386,401
Effect of foreign exchange rate changes, net		<u>1,096,920</u>	<u>( 2,225,726)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>67,312,945</u>	<u>102,314,874</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the consolidated statement of financial position	21	105,311,109	128,255,524
Bank overdrafts	23	<u>( 37,998,164)</u>	<u>( 25,940,650)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows		<u>67,312,945</u>	<u>102,314,874</u>

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 1. CORPORATE AND GROUP INFORMATION

Norwest Industries Limited is a limited company incorporated in Hong Kong. The registered office of the Company is located at 7/F., Park Fook Industrial Building, 615-617 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

During the year, the Group was principally involved in the trading of garment.

The Company is a subsidiary of Multinational Textile Group Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

#### Information about subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2024 are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
<u>Direct subsidiaries</u>					
Grand Pearl Trading Company Limited#	People's Republic of China ("PRC")/ Mainland China	United States dollar ("US\$") 150,000	100%	100%	Provision of sourcing services
Design Arc Europe Limited	Hong Kong	US\$100,000	70%	70%	Trading of garment products
PDS Tailoring Limited	Hong Kong	US\$10,000	70%	70%	Trading of garment products
Nor Lanka Manufacturing Limited ("Nor Lanka")	Hong Kong	HK\$10,000	100%	100%	Trading of garment products
Rising Star Asia Hongkong Co., Limited	Hong Kong	US\$10,000	100%	100%	Trading of garment products
Spring Near East Manufacturing Company Limited ("Spring Near East")	Hong Kong	US\$200,000	65%	65%	Trading of garment products
360 Notch Limited	Hong Kong	US\$100,000	100%	100%	Trading of garment products

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
<u>Direct subsidiaries</u> (continued)					
Clover Collections Limited	Hong Kong	US\$200,000	100%	100%	Provision of design services
Design Arc Asia Limited	Hong Kong	US\$143,092	98%	100%	Provision of sourcing services
Kleider Sourcing Hongkong Limited (“Kleider HK”)	Hong Kong	US\$10,000	51%	51%	Provision of design, sourcing, and trading of garment products
Krayons Sourcing Limited (“Krayons”)	Hong Kong	US\$10,000	75%	75%	Trading of garment products
JJ Star Industrial Limited (“JJ Star”)	Hong Kong	US\$50,000	57.5%	57.5%	Trading of garment products
Twins Asia Limited (“Twins Asia”)	Hong Kong	US\$109,926	98%	100%	Trading of garment products
Fareast Vogue Limited	Hong Kong	US\$10,000	-	60%	Trading of garment products
PDS Far-east Limited	Hong Kong	US\$1,000	80%	80%	Trading of garment products
Styleberry Limited	Hong Kong	US\$10,000	100%	100%	Trading of garment products
Casa Collective Limited	Hong Kong	US\$100,000	75%	75%	Inactive

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
<u>Direct subsidiaries (continued)</u>					
Sourcing Solutions Limited	Hong Kong	US\$10,000	51%	100%	Trading of garment products
PDS Brands Manufacturing Limited	Hong Kong	US\$210,000	100%	100%	Trading of garment product
Sourcing Solutions Europe BVBA	Belgium	EUR60,000	51%	50%	Trading of garment Products
<u>Indirect subsidiaries</u>					
Nor Lanka Colombo Manufacturing Company Limited	Sri Lanka	Sri Lankan Rupee ("LKR") 64,427,000	100%	100%	Trading of garment products
Nor Europe Manufacturing S.L.	Spain	EUR3,000	70%	70%	Provision of sourcing services
Lillyandsid Ltd	The United Kingdom	GBP100	55%	55%	Trading of garment products
Nor Lanka Progress (Private) Limited	Sri Lanka	US\$1	100%	100%	Inactive
Kleider Sourcing Limited	Bangladesh	Bangladeshi Taka ("BDT") 99,900,200	51%	51%	Provision of sourcing services
Smart Notch (Shanghai) Limited <sup>#</sup>	PRC/ Mainland China	Renminbi ("RMB") 500,000	100%	100%	Provision of sourcing service
SKOPE Apparels FZCO	United Arab Emirates	United Arab Emirates dirham ("AED") 100,000	75%	-	Trading of garment products

<sup>#</sup> The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC law.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 1. CORPORATE AND GROUP INFORMATION (continued)

#### Information about subsidiaries (continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, financial assets at fair value through profit or loss and through other comprehensive income and defined benefit obligation, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”).

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the respective dates that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.1 BASIS OF PREPARATION (continued)

#### Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and revised standards has had no significant financial effect on these financial statements except the followings.

#### Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements.

31 March 2024

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### Amendments to HKAS 8 Definition of Accounting Estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i> <sup>1, 4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i> <sup>1, 4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> 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

The Group 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 Group's results of operations and financial position.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES

#### Investments in an associate and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in an associate and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of an associate and a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investments in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate or joint ventures is included as part of the Group's investments in an associate or a joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the acquisition previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its derivative financial instruments and financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

- Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists or when annual impairment testing for an asset is required (other than inventories, deferred tax assets 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL 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 Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3%
Leasehold improvements	Over the shorter of the lease terms and 33⅓%
Furniture and fixtures	25%
Motor vehicles	33⅓%
Office equipment	33⅓%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

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 properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs and any directly attributable expenditure, and subsequently at cost less accumulated depreciation and any impairment losses.

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 term of the lease.

Any gain or loss on the retirement or disposal of investment properties recognised in the statement of profit or loss in the year the investment properties are derecognised is the difference between the net sales proceeds and the carrying amount of the investment properties.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 of properties 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 Group 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 Group and payments of penalties for termination of a lease, if the lease term reflects the Group 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

(b) Lease liabilities (continued)

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.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business mode.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets which are not held within the aforementioned business model are classified and measured at fair value through profit or loss.

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 are recognised on the trade date, that is, the date that the Group commits to purchase or sell asset.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follow:

*Financial assets at amortised cost (debt instruments)*

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

*Financial assets at fair value through other comprehensive income (debt instruments)*

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

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

*Financial assets designated at fair value through other comprehensive income (equity investments)*

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

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

*Financial assets at fair value through profit or loss*

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

2.4 MATERIAL 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 Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

*General approach (continued)*

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be 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 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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

*Subsequent measurement - Financial liabilities at amortised cost (trade and other payables, loans and borrowings)*

After initial recognition, trade and other payables, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

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

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

*Initial recognition and subsequent measurement (continued)*

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship with which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument for cash flow hedges is recognised directly in other comprehensive income in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Derivative financial instruments and hedge accounting (continued)

##### *Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

#### 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

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

#### 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is 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 country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Dividends

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.

Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of garments is recognised at the point in time when control of the asset is transferred to the customer, generally delivery of the garments.

*Other income*

Rental income is recognised on a time proportion basis over the lease terms.

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.

Handling fee is recognised over time when the relevant services has been rendered.

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 Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Share-based payments

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange 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 28 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 Group'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 Group 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.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Other employee benefits

##### *Pension scheme*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s overseas subsidiaries/branches are required to participate in central pension schemes operated by the respective local governments. These subsidiaries/branches are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

##### *Defined benefit plan*

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

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2.4 MATERIAL ACCOUNTING POLICIES (continued)

#### Foreign currencies

These financial statements are presented in HK\$, which is the Group's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than HK\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the weighted average exchange rates for the year.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the period are translated into HK\$ at the weighted average exchange rate for the year.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

*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.

*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.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### Estimation uncertainty (continued)

##### *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

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. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 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.

##### *Provision for income taxes*

Provision for income tax is made based on the taxable income for the period as determined by the Group. The determination of taxable income involves the exercise of judgement on interpretation of the relevant tax rules and regulations. The amount of income tax and hence profit or loss could be affected by any interpretations and clarifications which the tax authorities may issue from time to time.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

*Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair values are determined using valuation techniques including the use of comparable recent arm's length transactions and other valuation techniques commonly used by other market participants. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements and estimates include considerations of inputs such as revenue multiples and discount rate. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4. REVENUE, OTHER INCOME AND GAINS

(i) *Disaggregated revenue information*

The Group's entire revenue of goods transferred is recognised at a point in time.

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

*Sale of garment products*

The performance obligation is satisfied upon delivery of garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

As a practical expedient, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods have an original expected duration of one year or less.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

4. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of the Group's revenue, other income and gains are as follows:

	2024 HK\$	2023 HK\$
<u>Revenue from contracts with customers</u>		
Sale of goods	<u>3,106,067,713</u>	<u>3,609,755,428</u>
<u>Other income and gains</u>		
Interest income	5,849,706	2,772,059
Commission income	27,794,143	23,064,433
Service income	21,896,272	25,154,793
Rental income	2,782,892	2,967,749
Foreign exchange gains, net	4,065,154	7,425,099
Fair value gains on financial assets at fair value through profit or loss	4,374,233	-
Gain on termination of leases	112,722	85,478
Marketing fee income	71,991,531	50,326,689
Recovery from suppliers	28,900,430	25,119,155
Others	<u>8,308,552</u>	<u>3,770,219</u>
Total other income and gains	<u>176,075,635</u>	<u>140,685,674</u>

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 and recognised from performance obligations satisfied in previous periods:

	2024 HK\$	2023 HK\$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of goods	<u>21,870,661</u>	<u>9,647,421</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

5. PROFIT BEFORE TAX

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

	Notes	2024 HK\$	2023 HK\$
Cost of inventories sold		2,703,645,498	3,140,833,416
Auditor's remuneration		2,306,357	2,421,029
Depreciation of property, plant and equipment	10	15,111,432	12,605,610
Depreciation of investment properties	11	733,471	733,471
Depreciation of right-of-use assets	12	10,415,367	10,690,700
Amortisation of intangible assets	17	65,839	59,418
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries, bonuses and allowances		165,410,030	157,560,402
Pension costs*		15,336,633	13,282,590
Equity-settled share option expense		4,628,403	5,415,985
Total		<u>185,375,066</u>	<u>176,258,977</u>
Write-off of items of property, plant and equipment		305,914	209,117
Lease payments not included in the measurement of lease liabilities		3,616,018	2,702,829
Rent concessions from lessors	(	11,019)	( 414,607)
Gain on termination of leases#	(	112,722)	( 85,478)
Impairment/(reversal of impairment) of trade receivables, net	19	538,338	( 2,573,048)
Write-off of certain amount due from an associate		3,905,944	-
Fair value losses/(gains), net:			
Cash flow hedges (transfer from equity)#		1,261,189	1,681,585
Financial assets at fair value through profit or loss#	(	4,374,233)	( 2,123,014)
Foreign exchange gains, net#	(	4,065,154)	( 7,425,099)

# 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.

\* There are no forfeited contributions that may be used by the Group as the employer to reduce its contributions in future years (2023: Nil).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

6. FINANCE COSTS

	2024 HK\$	2023 HK\$
Interest on bank loans and overdrafts	24,999,242	23,300,860
Interest on lease liabilities	<u>1,621,221</u>	<u>1,060,063</u>
Total	<u><u>26,620,463</u></u>	<u><u>24,360,923</u></u>

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:

	2024 HK\$	2023 HK\$
Directors' fees	829,830	1,321,138
Other emoluments:		
Salaries, allowances and other benefits	8,945,068	8,075,217
Equity-settled share option expenses	<u>3,023,324</u>	<u>385,780</u>
Total fee and other emoluments	<u><u>12,798,222</u></u>	<u><u>9,782,135</u></u>

8. INCOME TAX

Hong Kong profits tax was provided at the rate of 16.5% (2023:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024 HK\$	2023 HK\$
Current - Hong Kong		
Charge for the year	1,842,035	1,964,539
Overprovision in prior years	( 406,052)	( 95,781)
Current - Elsewhere		
Charge for the year	1,833,523	1,370,271
Under/(over)provision in prior years	( 1,162,491)	150,480
Deferred (note 25)	<u>( 146,472)</u>	<u>555,428</u>
Total tax charge/(credit) for the year	<u><u>1,960,543</u></u>	<u><u>3,944,937</u></u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

8. INCOME TAX (continued)

A reconciliation of the tax charge/(credit) at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax charge/(credit) at the Group's effective tax rate is as follows:

**2024**

	Hong Kong HK\$	Others HK\$	Total HK\$
Profit/(loss) before tax	<u>51,335,201</u>	<u>( 570,237)</u>	<u>50,764,964</u>
Tax at the applicable tax rate	8,470,307	( 2,615,691)	5,854,616
Adjustments in respect of current tax of previous periods	( 1,568,541)	-	( 1,568,541)
Income not subject to tax	( 7,379,180)	-	( 7,379,180)
Tax losses utilised from previous periods	( 532,062)	-	( 532,062)
Expenses not deductible for tax	-	1,427,777	1,427,777
Tax losses not recognised	1,024,506	2,499,984	3,524,490
Others	<u>779,915</u>	<u>( 146,472)</u>	<u>633,443</u>
Tax credit at the Group's effective rate	<u>794,945</u>	<u>1,165,598</u>	<u>1,960,543</u>

**2023**

	Hong Kong HK\$	Others HK\$	Total HK\$
Profit/(loss) before tax	<u>101,873,366</u>	<u>( 2,451,153)</u>	<u>99,422,213</u>
Tax at the applicable tax rate	16,809,105	( 1,635,022)	15,174,083
Adjustments in respect of current tax of previous periods	( 95,781)	( 150,480)	( 246,261)
Income not subject to tax	( 21,010,264)	( 958,724)	( 21,968,988)
Expenses not deductible for tax	1,005,966	4,820,407	5,826,373
Tax losses not recognised	<u>5,159,730</u>	<u>-</u>	<u>5,159,730</u>
Tax charge at the Group's effective rate	<u>1,868,756</u>	<u>2,076,181</u>	<u>3,944,937</u>

At the end of the reporting period, deferred tax assets have not been recognised in respect of the unused tax losses of HK\$37,480,218 (2023: HK\$31,271,091), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of 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 utilised.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

9. DIVIDENDS

	2024 HK\$	2023 HK\$
Interim - US\$2.5 (2023: US\$1.25) per ordinary share	<u>77,800,000</u>	<u>38,900,000</u>

The directors do not recommend the payment of a final dividend for the year ended 31 March 2024 (2023: Nil).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$	Leasehold improvements HK\$	Furniture and fixtures HK\$	Motor vehicles HK\$	Office equipment HK\$	Total HK\$
<b>31 March 2024</b>						
At 1 April 2023:						
Cost	10,838,064	10,702,646	16,898,509	2,662,990	66,876,131	107,978,340
Accumulated depreciation	( 3,544,218)	( 5,099,964)	( 10,860,000)	( 2,661,023)	( 46,910,255)	( 69,075,460)
Net carrying amount	<u>7,293,846</u>	<u>5,602,682</u>	<u>6,038,509</u>	<u>1,967</u>	<u>19,965,876</u>	<u>38,902,880</u>
At 1 April 2023, net of accumulated depreciation	7,293,846	5,602,682	6,038,509	1,967	19,965,876	38,902,880
Additions	-	4,249,958	2,252,759	-	4,147,243	10,649,960
Disposal of a subsidiary (note 30)	-	-	-	-	( 7,140)	( 7,140)
Write-off	-	( 186,601)	( 21,513)	( 51)	( 97,749)	( 305,914)
Depreciation provided during the year	( 1,366,916)	( 2,856,728)	( 2,834,106)	( 1,783)	( 8,051,899)	( 15,111,432)
Exchange realignment	<u>115,540</u>	<u>26,398</u>	<u>7,995</u>	<u>-</u>	<u>12,942</u>	<u>162,875</u>
At 31 March 2024, net of accumulated depreciation	<u>6,042,470</u>	<u>6,835,709</u>	<u>5,443,644</u>	<u>133</u>	<u>15,969,273</u>	<u>34,291,229</u>
At 31 March 2024:						
Cost	10,554,877	13,473,977	18,199,484	2,153,164	69,354,487	113,735,989
Accumulated depreciation	( 4,512,407)	( 6,638,268)	( 12,755,840)	( 2,153,031)	( 53,385,214)	( 79,444,760)
Net carrying amount	<u>6,042,470</u>	<u>6,835,709</u>	<u>5,443,644</u>	<u>133</u>	<u>15,969,273</u>	<u>34,291,229</u>
<b>31 March 2023</b>						
At 1 April 2022:						
Cost	12,752,485	11,495,866	18,462,801	2,949,039	58,142,799	103,802,990
Accumulated depreciation	( 2,859,247)	( 6,456,314)	( 16,153,224)	( 2,902,778)	( 44,647,372)	( 73,018,935)
Net carrying amount	<u>9,893,238</u>	<u>5,039,552</u>	<u>2,309,577</u>	<u>46,261</u>	<u>13,495,427</u>	<u>30,784,055</u>
At 1 April 2022, net of accumulated depreciation	9,893,238	5,039,552	2,309,577	46,261	13,495,427	30,784,055
Additions	-	2,526,178	6,280,334	-	13,798,885	22,605,397
Write-off	-	( 2,964)	( 85,421)	-	( 120,732)	( 209,117)
Depreciation provided during the year	( 1,148,376)	( 1,844,262)	( 2,438,829)	( 44,294)	( 7,129,849)	( 12,605,610)
Exchange realignment	<u>( 1,451,016)</u>	<u>( 115,822)</u>	<u>( 27,152)</u>	<u>-</u>	<u>( 77,855)</u>	<u>( 1,671,845)</u>
At 31 March 2023, net of accumulated depreciation	<u>7,293,846</u>	<u>5,602,682</u>	<u>6,038,509</u>	<u>1,967</u>	<u>19,965,876</u>	<u>38,902,880</u>
At 31 March 2023:						
Cost	10,838,064	10,702,646	16,898,509	2,662,990	66,876,131	107,978,340
Accumulated depreciation	( 3,544,218)	( 5,099,964)	( 10,860,000)	( 2,661,023)	( 46,910,255)	( 69,075,460)
Net carrying amount	<u>7,293,846</u>	<u>5,602,682</u>	<u>6,038,509</u>	<u>1,967</u>	<u>19,965,876</u>	<u>38,902,880</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

11. INVESTMENT PROPERTIES

	HK\$
At 1 April 2022:	
Cost	36,673,551
Accumulated depreciation	<u>( 11,044,072)</u>
Net carrying amount	<u>25,629,479</u>
At 1 April 2022, net of accumulated depreciation	25,629,479
Depreciation provided during the year	<u>( 733,471)</u>
At 31 March 2023, net of accumulated depreciation	<u>24,896,008</u>
At 31 March 2023:	
Cost	36,673,551
Accumulated depreciation	<u>( 11,777,543)</u>
Net carrying amount	24,896,008
At 1 April 2023, net of accumulated depreciation	24,896,008
Depreciation provided during the year	<u>( 733,471)</u>
At 31 March 2024, net of accumulated depreciation	<u>24,162,537</u>
At 31 March 2024:	
Cost	36,673,551
Accumulated depreciation	<u>( 12,511,014)</u>
Net carrying amount	<u>24,162,537</u>

The Group's investment properties consist of two commercial properties in Hong Kong. The directors of the Company have determined that the investment properties consist of two classes of assets, i.e., residential and commercial, based on the nature, characteristics, risks of each property. The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

11. INVESTMENT PROPERTIES (continued)

The Group's investment properties were revalued on 31 March 2024 based on valuation performed by management at HK\$109,000,000 (2023: HK\$114,500,000). Each year, the directors of the Group decide which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The investment properties are leased under operating leases, further summary details of which are included in note 12 to the financial statements.

At 31 March 2024 and 31 March 2023, all of the Group's investment properties were pledged to secure the general banking facilities granted to the Group (note 23).

12. LEASES

**The Group as a lessee**

The Group has lease contracts for office premises which have lease terms between 1 and 5 years. Other property generally has lease term 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 amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties HK\$
As at 1 April 2022	33,445,893
Additions	14,448,120
Lease modification	3,067,983
Depreciation charge	( 10,690,700)
Termination of leases	( 2,707,976)
Exchange realignment	( 6,734,140)
As at 31 March 2023 and 1 April 2023	30,829,180
Additions	9,108,081
Lease modification	384,949
Depreciation charge	( 10,415,367)
Termination of leases	( 2,942,110)
Exchange realignment	( 975,253)
As at 31 March 2024	<u>25,989,480</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

12. LEASES (continued)

(b) Lease liabilities

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

	2024 HK\$	2023 HK\$
Carrying amount at the beginning of the year	31,690,314	33,687,148
New leases	9,108,081	14,448,120
Lease modification	384,949	3,067,983
Accretion of interest recognised during the year	1,621,221	1,060,063
Rent concessions from lessors	( 11,019)	( 414,607)
Payments	( 11,169,635)	( 9,987,063)
Termination of leases	( 3,054,832)	( 2,793,454)
Exchange realignment	( 1,011,380)	( 7,377,876)
Carrying amount at the end of the year	<u>27,557,699</u>	<u>31,690,314</u>
Analysed into:		
Current portion	8,139,326	8,345,131
Non-current portion	<u>19,418,373</u>	<u>23,345,183</u>

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

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

	2024 HK\$	2023 HK\$
Interest on lease liabilities	1,621,221	1,060,063
Depreciation charge of right-of-use assets	10,415,367	10,690,700
Expense relating to short-term leases and other leases	3,616,018	2,702,829
Gain on termination of leases	( 112,722)	( 85,478)
Rent concessions from lessors	( 11,019)	( 414,607)
Total amount recognised in profit or loss	<u>15,528,865</u>	<u>13,953,507</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

12. LEASES (continued)

**The Group as a lessor**

As at 31 March 2024, the Group leased its investment properties (note 11) consisting of two commercial properties in Hong Kong under operating lease arrangements. Rental income recognised by the Group during the year ended 31 March 2024 was HK\$2,782,892 (2023: HK\$2,967,749), details of which are included in note 4 to the financial statements.

At 31 March 2024 and 31 March 2023, there was no undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2024 HK\$	2023 HK\$
Listed equity investments, at fair value	(a)	4,561,859	19,742,273
Listed debt investments, at fair value	(b)	8,258,042	30,924,399
Unlisted investments, at fair value	(c)	29,409,260	28,539,447
Total		42,229,161	79,206,119
Less: current portion		( 12,819,901)	( 50,666,672)
Non-current portion		<u>29,409,260</u>	<u>28,539,447</u>

Notes:

- (a) The above listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.
- (b) The above listed debt investments represent 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 above unlisted investments were designated, upon initial recognition, as financial assets at fair value through profit or loss as they are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the investments is provided on that basis to the Group's key management personnel.

At 31 March 2024, the Group's unlisted investments with an aggregate carrying value of HK\$29,409,260 (2023: HK\$28,539,447) were pledged to secure the general banking facilities granted to the Group (note 23).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK\$	2023 HK\$
<u>Non-current assets</u>		
Unlisted equity investments, at fair value	<u>6,133,794</u>	<u>6,133,794</u>
<u>Current assets</u>		
Factored trade receivables	<u>4,644,335</u>	<u>11,911,880</u>

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.

The Group entered into receivable purchase agreements with a financial institution for the factoring of trade receivables with certain designated customers. At 31 March 2024, trade receivables factored to the financial institution aggregating to approximately HK\$4,644,335 (2023: HK\$11,911,880) were not derecognised from the consolidated statement of financial position because the derecognition criteria for financial assets were not met. Accordingly, the advances from the financial institution of approximately HK\$4,644,335 (2023: HK\$11,911,880) received by the Group as consideration at 31 March 2024 were included in “interest-bearing bank borrowings” (note 23).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

15. INVESTMENT IN AN ASSOCIATE

	2024 HK\$	2023 HK\$
Share of net assets/(liabilities)	4,483,865	( 9,092,075)
Goodwill on acquisition	3,668,822	-
Due from an associate	-	9,542,886
Total	<u>8,152,687</u>	<u>450,811</u>

During the year ended 31 March 2024, Nor Lanka Manufacturing Limited, a subsidiary of the Company, acquired 22% interest in Nobleswear (Private) Limited (the “Nobleswear”) for a cash consideration of USD1,040,000 (approximately HK\$8,098,980). Upon the completion of the acquisition, Nobleswear became an associate of the Group under HKFRSs and is accounted for using the equity method. The purchase price allocation exercise of the investment in Nobleswear has been made on a provisional basis, pending finalisation of valuation to assess the fair value of identifiable net assets.

The amount due from an associate as at 31 March 2023 was unsecured, interest-free and repayable on demand. In the opinion of the Directors, this balance was considered as part of the Group’s net investment in an associate. During the year, the Group has agreed to write off certain balance of net amount due from an associate of HK\$3,905,944 before the acquisition of 1% additional interest in this associate, as further described in note 30 to the financial statements as the directors of the Company determined that it could not be recovered in full.

Particulars of the Group’s associate as at 31 March 2024 are as follows:

Name	Registered share capital	Place of registration and business	Percentage of		Principal activities
			Ownership interest	Voting power	
Noebleswear (Private) Limited	BDT 333,717,904	Sri Lanka	26	25	Manufacturing of garment products

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

16. GOODWILL

	HK\$
At 1 April 2022:	
Cost	16,846,976
Accumulated impairment	( 844,354)
Net carrying amount	<u>16,002,622</u>
Cost at 1 April 2022, net of accumulated impairment	16,002,622
Exchange realignment	( 405,551)
At 31 March 2023	<u>15,597,071</u>
At 31 March 2023:	
Cost	16,441,425
Accumulated impairment	( 844,354)
Net carrying amount	<u>15,597,071</u>
Cost at 1 April 2023, net of accumulated impairment	15,597,071
Acquisition of a subsidiary (note 30)	2,673,404
Exchange realignment	<u>128,984</u>
At 31 March 2024	<u>18,399,459</u>
At 31 March 2024:	
Cost	19,243,813
Accumulated impairment	( 844,354)
Net carrying amount	<u>18,399,459</u>

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the garment products cash-generating units in the markets of the United Kingdom, Colombo and Belgium, respectively. The recoverable amounts of the cash-generating units have been determined based on a value-in-use calculations using cash flow projections based on financial forecasts covering a five-year period approved by management. The discount rates applied to the cash flow projections are 10% to 17% (2023: 10% to 16%) and cash flows beyond the five-year period are extrapolated using growth rate of 3% (2023: 3%), which was the same as the long term average growth rate of the garment products industry.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

16. GOODWILL (continued)

Impairment testing of goodwill (continued)

Assumptions were used in the value-in-use calculation of the garment products cash-generating units for 31 March 2024 and 31 March 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

*Budgeted gross margin* - The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

*Discount rates* - The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of garment products and discount rates are consistent with external information sources.

17. INTANGIBLE ASSETS

	Software license HK\$
<b>31 March 2024</b>	
Cost at 1 April 2023, net of accumulated amortisation	107,364
Additions	579,979
Amortisation provided during the year	( 65,839)
At 31 March 2024	<u>621,504</u>
At 31 March 2024:	
Cost	1,477,297
Accumulated amortisation	( 855,793)
Net carrying amount	<u>621,504</u>

NORWEST INDUSTRIES LIMITED

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17. INTANGIBLE ASSETS (continued)

	Software license HK\$
<b>31 March 2023</b>	
At 1 April 2022:	
Cost	1,538,100
Accumulated amortisation	( 1,490,313)
Net carrying amount	<u>47,787</u>
Cost at 1 April 2022, net of accumulated amortisation	47,787
Additions	118,995
Amortisation provided during the year	( 59,418)
At 31 March 2023	<u>107,364</u>
At 31 March 2023:	
Cost	1,657,095
Accumulated amortisation	( 1,549,731)
Net carrying amount	<u>107,364</u>

18. INVENTORIES

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

NORWEST INDUSTRIES LIMITED

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19. TRADE RECEIVABLES

	2024 HK\$	2023 HK\$
Trade receivables	376,911,475	272,522,709
Less: Impairment	( 2,567,721)	( 2,026,451)
Total	<u>374,343,754</u>	<u>270,496,258</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade receivables are non-interest-bearing and are on terms of up to 120 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024 HK\$	2023 HK\$
At beginning of year	2,026,451	4,614,034
Impairment/(reversal of impairment) of trade receivables, net (note 5)	538,338	( 2,573,048)
Exchange realignment	<u>2,932</u>	<u>( 14,535)</u>
At end of year	<u>2,567,721</u>	<u>2,026,451</u>

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. The calculation reflects 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.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

19. TRADE RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2024

	Current	Past due				Total
		Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	
Expected credit loss rate	0.68%	0.69%	0.71%	-	0.78%	0.68%
Gross carrying amount (HK\$)	346,736,675	14,486,343	12,059,766	-	3,628,691	376,911,475
Expected credit losses (HK\$)	2,354,733	99,429	85,371	-	28,188	2,567,721

As at 31 March 2023

	Current	Past due				Total
		Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	
Expected credit loss rate	0.72%	0.90%	0.94%	1.06%	1.09%	0.74%
Gross carrying amount (HK\$)	242,463,669	18,066,430	7,248,073	1,903,959	2,840,578	272,522,709
Expected credit losses (HK\$)	1,745,245	161,844	68,131	20,254	30,977	2,026,451

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$	2023 HK\$
Prepayments	52,371,951	59,745,793
Deposits	4,371,493	2,948,752
Other receivables	<u>23,778,615</u>	<u>15,990,216</u>
	80,522,059	78,684,761
Less: Portion classified as non-current assets	<u>( 3,630,344)</u>	<u>( 1,473,477)</u>
Total	<u><u>76,891,715</u></u>	<u><u>77,211,284</u></u>

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 2024 and 2023, the loss allowance was assessed to be minimal.

NORWEST INDUSTRIES LIMITED

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31 March 2024

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 HK\$	2023 HK\$
Cash and bank balances	105,311,109	128,255,524
Pledged time deposits	<u>130,257,578</u>	<u>163,520,824</u>
	235,568,687	291,776,348
Less: Pledged time deposits for banking facilities:		
- with original maturity of less than three months when acquired	( 54,865,491)	( 106,009,249)
- with original maturity of more than three months when acquired	<u>( 75,392,087)</u>	<u>( 57,511,575)</u>
Cash and cash equivalents	<u>105,311,109</u>	<u>128,255,524</u>

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to HK\$2,106,529 (2023: HK\$4,426,655). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

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.

NORWEST INDUSTRIES LIMITED

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22. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK\$	2023 HK\$
Other payables	(a)	1,267,376	1,576,258
Accrued employee benefits		11,599,064	9,946,195
Accruals		61,396,836	86,365,615
Contract liabilities	(b)	36,149,265	21,870,661
Defined benefit obligations	26	<u>9,489,044</u>	<u>9,963,198</u>
Total		119,901,585	129,721,927
Less: Portion classified as non-current assets		<u>( 9,489,044)</u>	<u>( 9,963,198)</u>
		<u>110,412,541</u>	<u>119,758,729</u>

Notes:

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

(b) Details of contract liabilities are as follows:

	31 March 2024 HK\$	31 March 2023 HK\$	1 April 2022 HK\$
<i>Short-term advances received from customers</i>			
Sales of goods	<u>36,149,265</u>	<u>21,870,661</u>	<u>9,647,421</u>

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.

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NOTES TO FINANCIAL STATEMENTS

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23. INTEREST-BEARING BANK BORROWINGS

	2024		
	Contractual interest rate (%)	Maturity	HK\$
Import loans	USD SOFR*+2.15%,	2024/on demand	19,548,982
Export loans	USD SOFR*+2.15%,	2024/on demand	4,644,335
Trust receipt loans	COF^^+1.75%, USD SOFR*+1.75%, HIBOR^+2%, USD SOFR*+3.5%, USD SOFR*+2.15%,	2024/on demand	216,830,520
Bank overdraft	COF^^+1.75% HIBOR^+2%, BLR+2.75%, BPLR**** +1.5% p.a,	On demand	37,998,162
			<u>279,021,999</u>
	2023		
	Contractual interest rate (%)	Maturity	HK\$
Import loans	USD SOFR*+2.15%, COF^^^ +1.75% p.a	2023/on demand	38,855,276
Export loans	USD SOFR*+2.15%	2023/on demand	11,911,887
Trust receipt loans	COF^^+2%, LIBOR^# +2%, COF^^^ +1.75% p.a, SOFR*** +3.5%., USD SOFR*+2.15%,	2023/on demand	161,733,520
Bank overdraft	LIBOR^# +3.75%, SOFR*** +3.5%, HIBOR^ +2%, BPLR**** +1.5% p.a,	On demand	25,940,650
			<u>238,441,333</u>

NORWEST INDUSTRIES LIMITED

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23. INTEREST-BEARING BANK BORROWINGS (continued)

#	London Interbank Offered Rate ("LIBOR")
^	Hong Kong Interbank Offered Rate ("HIBOR")
^^	Intesa Sanpaolo S.p.A.'s Cost of Funds ("COF")
^^^	BNP PARIBAS's Cost of Funds ("COF")
^^^^	Citi Bank's Cost of Funds ("COF")
^^^^^	Euro Interbank Offered 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.

Set out below is the information about the interest-bearing bank borrowings by denomination currency:

	2024 HK\$	2023 HK\$
US\$	257,124,626	216,076,321
HK\$	<u>21,897,373</u>	<u>22,365,012</u>
	<u>279,021,999</u>	<u>238,441,333</u>

As at the end of the reporting period, certain of the Group's interest-bearing bank borrowings are secured by certain of the Group's investment properties, time deposits, and unlisted investments with an aggregate carrying amount of approximately HK\$218,197,599 (2023: HK\$224,250,506) and guaranteed by the immediate holding company, fellow subsidiaries, and directors of the Company.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

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24. DERIVATIVE FINANCIAL INSTRUMENTS

Assets

	2024 HK\$	2023 HK\$
Forward currency contracts	<u>1,387,880</u>	<u>530,110</u>

Liabilities

	2024 HK\$	2023 HK\$
Forward currency contracts	<u>2,797,682</u>	<u>659,146</u>

*Cash flow hedges*

Forward currency contracts are designated as hedging instruments in respect of forecast future sales and forecast purchases in foreign currencies to which the Group has firm commitments. The forward currency contract balances vary with the levels of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

At 31 March 2024, the Group held 72 (2023: 48) forward currency contracts. They are designated as hedges in respect of expected future sales to customers in the United Kingdom for which the Group has firm commitments.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedges relating to expected future settlement of sales and purchases between April 2024 to March 2025 were assessed to be highly effective and net loss of HK\$1,280,765 (2023: net loss of HK\$2,126,579) were included in the hedging reserve as follows:

	2024 HK\$	2023 HK\$
Total fair value losses included in the hedging reserves	( 19,576)	( 444,994)
Reclassified from other comprehensive income to the consolidated statement of profit or loss (note 5)	<u>( 1,261,189)</u>	<u>( 1,681,585)</u>
Net gains/(losses) on cash flow hedges	<u>( 1,280,765)</u>	<u>( 2,126,579)</u>

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25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

	Depreciation allowance in excess of related depreciation	Depreciation in excess of related depreciation allowance
	HK\$	HK\$
Gross deferred tax assets at 1 April 2022	-	475,194
Deferred tax credited to the consolidated statement of profit or loss during the year (note 8)	( 107,181)	( 448,247)
Gross deferred tax asset at 31 March 2023 and at 1 April 2023	( 107,181)	26,947
Deferred tax charged to the consolidated statement of profit or loss during the year* (note 8)	-	143,183
Gross deferred tax assets/(liabilities) at 31 March 2024	( 107,181)	170,130

The following is an analysis of the deferred tax balance of the Group for financial reporting purposes:

	2024 HK\$	2023 HK\$
Net deferred tax assets recognised in the consolidated statement of financial position	170,130	26,947
Net deferred tax liabilities recognised in the consolidated statement of financial position	( 107,181)	( 107,181)
Net deferred tax assets/(liabilities)	62,949	( 80,234)

\* The net effect charged to profit and loss as of 31 March 2024 amounts to HK\$143,183.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

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### 26. DEFINED BENEFIT OBLIGATIONS

The Group made provisions for estimated liabilities for employee benefits in respect of termination benefit and earned leave pursuant to Bangladesh Labour Act. According to the law, employees are entitled to termination benefit and earned leave upon dismissal or retirement. Employees who have completed at least five years but less than ten years of continuous service are entitled to termination benefit equal fourteen days' salary for each completed year of service. Employees who have completed ten or more years of continuous service are entitled to termination benefit equal thirty days' salary for each completed year of service. Employees who have completed one year of continuous service are entitled to one day of earned leave for every fifteen days of work to up to sixty days.

The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on government bonds with a term that is consistent with the estimated term of the severance pay obligation.

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligations were carried out on 31 March 2024 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:

	2024	2023
Discount rate (%)	12.6	7.5
Expected rate of salary increases (%)	<u>6.0</u>	<u>6.0</u>

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\$
<b>2024</b>				
Discount rate	0.5	( 310,593)	0.5	325,225
Future salary increase	0.5	346,429	0.5	( 328,927)
<b>2023</b>				
Discount rate	0.5	( 465,498)	0.5	497,043
Future salary increase	0.5	502,711	0.5	( 473,112)

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

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26. DEFINED BENEFIT OBLIGATIONS (continued)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

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

	2024 HK\$	2023 HK\$
Current service cost	1,270,651	991,081
Past service cost	773,847	-
Interest cost	696,144	578,798
Net benefit expenses recognised in administrative expenses	<u>2,740,642</u>	<u>1,569,879</u>

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

	2024 HK\$	2023 HK\$
At beginning of year	9,963,198	9,564,897
Current service cost	1,270,651	991,081
Past service cost	773,847	-
Net interest cost	696,144	578,798
Actuarial loss arising from experience adjustments	( 1,302,930)	877,214
Benefit paid	( 992,652)	( 647,994)
Exchange realignment	( 919,214)	( 1,400,798)
At end of the reporting period	<u>9,489,044</u>	<u>9,963,198</u>

27. SHARE CAPITAL

	2024 HK\$	2023 HK\$
Issued and fully paid: 4,000,000 (2023: 4,000,000) ordinary shares	<u>31,120,000</u>	<u>31,120,000</u>

NORWEST INDUSTRIES LIMITED

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28. 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 Purchase Plan (ESPP):**

The employee stock purchase plan options are offered to all eligible employees fixed numbers of shares/appreciation rights. 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:

	2024 HK\$	2023 HK\$
Share-based expense	<u>4,628,403</u>	<u>5,415,985</u>

**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	<u>1.12%</u>	<u>95%</u>	<u>0.88%</u>

\*During the year ended 31 March 2023, the ultimate holding company's stock has been split 1:5 from face value of HK\$1.29 to HK\$0.26.

NORWEST INDUSTRIES LIMITED

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28. 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 2024 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:

	2024		2023	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share*	Number of options*
At 1 April	28.15	731,625	114	149,200
Adjustment of stock split	-	-	-	596,800
Granted during the year	-	-	-	-
Exercised during the year	28.15	( 53,125)	28.15*	( 14,375)
Cancelled/Transferred during the year	28.15	( 15,000)		
At 31 March	28.15	<u>663,500</u>	28.15*	<u>731,625</u>

\*During the year ended 31 March 2023, the ultimate holding company's stock has been split 1:5 from face value of HK\$1.29 to HK\$0.26.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 29. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 10 and 11 of the financial statements.

### 30. BUSINESS COMBINATION

During the year ended 31 March 2024, the Group acquired additional 1% of the issued share capital of Sourcing Solutions Europe for a consideration of EUR25,000 (equivalent to HK\$210,060) such that the Group has obtained effective control of Sourcing Solutions Europe with effect on 19 January 2024. Thereafter, Sourcing Solutions Europe has become a non-wholly owned subsidiary of the Company.

Sourcing Solutions Europe is engaged in trading of garments. The acquisition was made as part of the Group's strategy to expand its market share of garment business. The purchase consideration for the acquisition was in form of cash. The purchase price allocation exercise of the investment in Sourcing Solutions Europe has been made on a provisional basis, pending finalisation of valuation to assess the fair value of identifiable net assets.

The Group has elected to measure the non-controlling interest in Sourcing Solutions Europe at the non-controlling interest's proportionate share of Sourcing Solutions Europe's identifiable net assets.

The fair values of the identifiable assets and liabilities of Sourcing Solutions as at the date of acquisition were as follows:

	Fair value recognised on acquisition HK\$
Trade receivables	174,104
Cash and cash equivalents	554,988
Other payables and accruals	( 5,316,992)
Total identifiable net assets	(2,463,344)
NCI portion of assets	( 2,124,556)
Goodwill	2,673,404
Satisfied by:	
Cash consideration	210,060
Fair value of previously held interest	-
	<u>210,060</u>

NORWEST INDUSTRIES LIMITED

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30. BUSINESS COMBINATION (continued)

The fair value of trade receivables and other receivables as at the date of acquisition amounted to HK\$161,207. The gross contractual amounts of trade receivables were HK\$161,207, none of which are expected to be uncollectible.

The Group incurred no transaction costs for the acquisition of Sourcing Solutions Europe.

An analysis of cash flows in respect of the acquisition of Sourcing Solutions acquirees is as follows:

	HK\$
Cash and cash equivalents and net inflow of cash and cash equivalents	<u>344,928</u>

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31. DISPOSALS OF SUBSIDIARIES

On 30 January 2024, the Group disposed of its entire equity interest in Infinity Fashion FZCO (“Infinity”) to PDS Multinational FZCO, a fellow subsidiary of the Group, for a cash consideration of AED100,000 (equivalent to HK\$211,990). On 15 September 2021, the Group disposed of its entire equity interest in Casa Collective Sourcing Limited (“CCSL”) to PDS Sourcing Limited, a fellow subsidiary of the Group, for a cash consideration of US\$100,000 (equivalent to HK\$778,000). On 31 March 2024, the Group disposed of its entire equity interest in Far East Vogue Limited (“FEV”) to Techno Design HK Limited, a fellow subsidiary of the Group, for a cash consideration of US\$6,000 (equivalent to HK\$46,680).

	Infinity HK\$	CCSL HK\$	FEV HK\$	Total HK\$
Net asset disposal of:				
Property, plant and equipment	-	-	7,140	7,140
Other receivables	105,996	-	44,841	150,837
Intercompany balances	108,151	802,374	8,612	919,137
Cash and cash equivalents	114,544	5,626	202,651	322,821
Other payables and accruals	( 116,701)	( 30,000)	( 185,444)	( 332,145)
	211,990	778,000	77,800	1,067,790
Non-controlling interests	-	-	( 31,120)	( 31,120)
	<u>211,990</u>	<u>778,000</u>	<u>46,680</u>	<u>1,036,670</u>
Satisfied by:				
Amount due from a fellow subsidiary	211,990	778,000	-	989,990
Cash consideration	-	-	46,680	46,680
	<u>211,990</u>	<u>778,000</u>	<u>46,680</u>	<u>1,036,670</u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of Infinity, CCSL and FEV was as follows:

	2024 HK\$
Cash consideration	46,680
Cash and cash equivalents disposed of	( 322,821)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>( 276,141)</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

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32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Spring Near East	35%	35%
JJ Star	42.5%	42.5%
PDS Far East	20%	20%
Krayons	<u>25%</u>	<u>25%</u>
Profit/(loss) for the year allocated to non-controlling interests at the reporting date:		
Spring Near East	( 2,641,015)	( 1,143,840)
JJ Star	( 563,327)	( 1,100,232)
PDS Far East	( 1,173,179)	-
Krayons	<u>4,769,276</u>	<u>8,580,301</u>
Dividends paid to non-controlling interests:		
Spring Near East	-	-
JJ Star	-	-
PDS Far East	-	-
Krayons	<u>10,744,445</u>	<u>7,049,491</u>
Accumulated balances of the non-controlling interests at the reporting date:		
Spring Near East	6,069,945	8,520,716
JJ Star	( 6,802,691)	( 6,239,465)
PDS Far East	( 10,099,094)	-
Krayons	<u>6,199,463</u>	<u>11,592,100</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS  
(continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

<b>2024</b>	<b>PDS Far East HK\$</b>	<b>Spring Near East HK\$</b>	<b>Krayons HK\$</b>	<b>JJ Star HK\$</b>
Revenue	167,873,793	156,185,738	432,515,010	-
Total expenses, net	( 173,739,689)	( 163,731,495)	( 413,437,904)	( 1,325,476)
Profit/(loss) for the year	( 5,865,896)	( 7,545,757)	19,077,106	( 1,325,476)
Total comprehensive income/(loss) for the year	<u>( 5,865,896)</u>	<u>( 7,002,233)</u>	<u>19,170,339</u>	<u>( 1,325,476)</u>
Current assets	31,913,465	47,333,008	151,501,366	25,362
Non-current assets	646,873	8,161,978	4,838,152	-
Current liabilities	( 82,396,124)	( 29,693,723)	( 126,770,475)	( 16,198,932)
Non-current liabilities	<u>( 171,988)</u>	<u>( 5,137,468)</u>	<u>( 3,911,011)</u>	<u>-</u>
Net cash flows from/(used in) operating activities	( 139,581)	( 6,089,536)	41,912,546	7,600
Net cash flows from/(used in) investing activities	( 74,619)	( 122,694)	194,526	-
Net cash flows used in financing activities	<u>( 49,127)</u>	<u>( 3,735,526)</u>	<u>( 41,224,677)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>( 263,327)</u>	<u>( 9,947,756)</u>	<u>882,395</u>	<u>7,600</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

32. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS  
(continued)

<b>2023</b>	Spring Near East HK\$	Krayons HK\$	JJ Star HK\$
Revenue	309,519,302	533,006,687	-
Total expenses, net	( 311,057,338)	( 498,170,173)	( 2,588,781)
Profit/(loss) for the year	( 1,538,036)	34,836,514	( 2,588,781)
Total comprehensive income/(loss) for the year	<u>( 3,268,113)</u>	<u>34,321,206</u>	<u>( 2,588,781)</u>
Current assets	66,213,096	139,992,200	6,934,706
Non-current assets	9,509,208	8,329,219	-
Current liabilities	( 41,861,703)	( 95,674,312)	( 21,782,800)
Non-current liabilities	<u>( 6,485,036)</u>	<u>( 5,520,817)</u>	<u>-</u>
Net cash flows from/(used in) operating activities	( 409,065)	546,499	( 159,128)
Net cash flows used in investing activities	( 337,769)	( 2,638,945)	-
Net cash flows from financing activities	<u>3,518,006</u>	<u>2,123,287</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	<u>2,771,172</u>	<u>30,841</u>	<u>( 159,128)</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$9,108,081 (2023: HK\$14,448,120) and HK\$9,108,081 (2023: HK\$14,448,120), respectively, in respect of lease arrangements for properties.

(b) Change in liabilities arising from financing activities

	Lease liabilities HK\$	Interest-bearing bank borrowings HK\$
At 1 April 2022	33,687,148	237,061,459
New leases	14,448,120	-
Lease modification	3,067,983	-
Changes from financing cash flows, net	( 9,987,063)	( 24,669,935)
Covid-19-related rent concessions from lessors	( 414,607)	-
Interest expense	1,060,063	-
Termination of leases	( 2,793,454)	-
Exchange realignment	( 7,377,876)	109,159
At 31 March 2023 and 1 April 2023	31,690,314	212,500,683
New leases	9,108,081	-
Lease modification	384,949	-
Changes from financing cash flows, net	( 11,169,635)	28,442,381
Rent concessions from lessors	( 11,019)	-
Interest expense	1,621,221	-
Termination of leases	( 3,054,832)	-
Exchange realignment	( 1,011,380)	80,771
At 31 March 2024	<u>27,557,699</u>	<u>241,023,835</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

34. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2024 HK\$	2023 HK\$
Guarantees given to banks in connection with facilities granted to fellow subsidiaries	<u>696,488,090</u>	<u>673,205,030</u>

At 31 March 2024, the banking facilities guaranteed by the Group to fellow subsidiaries were utilised to the extent of approximately HK\$618,843,076 (2023: HK\$522,287,423).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the consolidated financial statements.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans and overdrafts are included in note 23 to the financial statements.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

36. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties based on mutually agreed terms during the year:

	2024 HK\$	2023 HK\$
Fellow subsidiaries:		
Sales of goods	39,825,859	32,384,800
Purchase of goods	115,617,120	28,574,767
Handling fees received	-	13,868,498
Marketing fees paid	36,115,082	29,144,660
Marketing fees received	16,067,880	-
Consultancy fees paid	4,299,188	9,869,241
Management fees paid	5,772,674	525,646
Support services fee paid	28,755,699	7,725,818
Support services fee received	3,739,330	30,819
Sampling fees received	-	164,267
Sampling fees paid	19,392,067	27,103,489
Ultimate holding company:		
Sales of goods	205,304,585	38,828,591
Marketing fees received	24,981,527	-
Immediate holding company:		
Consultancy fees paid	1,170,462	1,461,294
Marketing fees paid	3,640,620	142,303
Management fees paid	13,526,809	17,079,503
Dividend paid	77,800,000	38,900,000
Support services fee paid	5,570,402	-
Support services fee received	2,686,300	-
Associate:		
Sales of goods	-	1,978,737
Purchase of goods	<u>25,522,459</u>	<u>-</u>

- (b) Outstanding balances with related parties:

- (i) The outstanding balances with the ultimate holding company, fellow subsidiaries, non-controlling shareholders, the immediate holding company, an associate, directors and a related company are unsecured, interest-free and are repayable on demand.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

36. RELATED PARTY TRANSACTIONS (continued)

(b) (continued):

(ii) Particulars of an amount due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	At 31 March 2024 HK\$	Maximum amount outstanding during the year HK\$	At 31 March 2023 HK\$	Maximum amount outstanding during the year HK\$	At 1 April 2022 HK\$
Yellow Octopus EU Sp. z.oo	<u>4,668,000</u>	<u>8,262,434</u>	<u>8,262,434</u>	<u>10,114,000</u>	<u>10,114,000</u>

Yellow Octopus EU Sp. z.oo is a joint venture controlled by a fellow subsidiary of the Group.

(c) Compensation of key management personnel of the Company represented directors' remuneration as disclosed in note 7 to the financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income as disclosed in notes 13 and 14 to the financial statements, respectively, which were classified as financial assets at fair value through profit or loss designated as such upon initial recognition and investments on debt and equity instruments designated as such upon initial recognitions, respectively, all financial assets and liabilities of the Group as at 31 March 2024 and 2023, were stated at amortised cost.

The financial liabilities of the Group comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to a director, an associate and fellow subsidiaries, which are categorised as financial liabilities at amortised cost, and derivative financial instruments which are categorised as financial liabilities at fair value through profit or loss. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

# NORWEST INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 March 2024 and 31 March 2023 were assessed to be insignificant.

The fair values of financial assets and liabilities are included at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in forced or liquidation sale transactions. The fair values of listed equity investments and listed debt investments at fair value through profit or loss are based on quoted market prices. The fair value of unlisted investments at fair value through other comprehensive income and fair value through profit or loss are based on either using a valuation technique which incorporates various market observable inputs or most recent transaction prices. The directors believe that the estimated fair value resulting therefrom, which is recorded in the consolidated statement of financial position, and the related change in fair value, which is recorded in the statement of profit or loss, are reasonable, and that it was the most appropriate value at the end of the reporting period.

The fair values of unlisted investments included in financial assets at fair value through profit or loss have been estimated based on the surrender values, which are calculated and quoted by the issuer. The directors believe that the estimated fair values resulting therefrom, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in the consolidated statement of profit or losses, are reasonable, and that they were the most appropriate values at the end of the reporting period.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group enters into derivative financial instruments with financial institutions with high credit ratings. Derivative financial instruments, representing forward currency contracts and option currency contracts, are measured using valuation techniques similar to forward and option pricing, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

As at 31 March 2024, the mark-to-market value of the derivative asset position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

At 31 March 2024

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Financial assets at fair value through profit or loss	12,819,901	29,409,260	-	42,229,161
Financial assets at fair value other comprehensive income	-	10,778,129	-	10,778,129
Derivative financial instruments	-	1,387,880	-	1,387,880
Total	12,819,901	41,575,269	-	54,395,170

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

At 31 March 2023

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	
Financial assets at fair value through profit or loss	50,666,672	28,539,447	-	79,206,119
Financial assets at fair value other comprehensive income	-	18,045,674	-	18,045,674
Derivative financial instruments	-	530,110	-	530,110
Total	<u>50,666,672</u>	<u>47,115,231</u>	<u>-</u>	<u>97,781,903</u>

	Fair value measurement using			Total HK\$
	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	

Liabilities measured at fair value:

At 31 March 2024

Derivative financial instruments	<u>-</u>	<u>2,797,682</u>	<u>-</u>	<u>2,797,682</u>
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At 31 March 2023

Derivative financial instruments	<u>-</u>	<u>659,146</u>	<u>-</u>	<u>659,146</u>
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During the year, there were no transfers of fair value measurements between Level 1 and Level 2, and no transfer into or out of Level 3 for financial liabilities (2023: Nil).

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to interest rate risk, foreign currency risk, credit risk, equity price risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

*Interest rate risk*

The Group's interest rate risk arises from cash and cash equivalents, pledged time deposits and bank borrowings which bears interest at variable rates.

The following table demonstrates the sensitivity to a reasonably possible change in HK\$ interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on cash and time deposits at banks and floating rate borrowings). There is no impact on the Group's equity except on the retained profits.

	Increase/ (decrease) in basis points %	Increase/ (decrease) in profit before tax HK\$
2024		
HK\$	50	( 217,267)
HK\$	<u>( 50)</u>	<u>217,267</u>
2023		
HK\$	50	266,675
HK\$	<u>( 50)</u>	<u>( 266,675)</u>

*Foreign currency risk*

The Group has transactional currency exposures. Such exposures arise from sales or purchases in currencies other than the Group's functional currency. The Group uses forward currency contracts to eliminate the foreign currency exposures on its sales transactions, for which the corresponding settlements are anticipated to take place more than one month after the Group has entered into firm commitments for the sales. The forward currency contracts must be in the same currency as that of the hedged items. The Group negotiates the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. It is the Group's policy that a forward contract is not entered into until a firm commitment is in place.

The Group considered the impact on the equity from the change in US\$ exchange rate was nominal at the end of the reporting period since HK\$ is pegged to US\$.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Foreign currency risk* (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the GBP exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no impact on the Group's equity except on the retained profits.

	Change in the exchange rate %	Increase/ (decrease) in profit before tax HK\$
2024		
If HK\$ weakens against GBP	10	7,560,047
If HK\$ strengthens against GBP	( 10)	( 7,560,047)
2023		
If HK\$ weakens against GBP	10	3,310,858
If HK\$ strengthens against GBP	( 10)	( 3,310,858)

*Credit risk*

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 March. The amounts presented are gross carrying amounts of the financial assets.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

As at 31 March 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	Total HK\$
Trade receivables*	-	-	-	376,911,475	376,911,475
Deposits and other receivables					
- Normal**	28,150,108	-	-	-	28,150,108
Due from ultimate holding company					
- Normal**	115,471,421	-	-	-	115,471,421
Due from immediate holding company					
- Normal**	372,810,751	-	-	-	372,810,751
Due from fellow subsidiaries					
- Normal**	586,160,831	-	-	-	586,160,831
Due from a related company					
- Normal**	4,668,000	-	-	-	4,668,000
Due from non-controlling shareholders					
- Normal**	34,247	-	-	-	34,247
Due from directors					
- Normal**	40,845	-	-	-	40,845
Pledged time deposits					
- Not yet past due	130,257,578	-	-	-	130,257,578
Cash and cash equivalents					
- Not yet past due	105,311,109	-	-	-	105,311,109
Total	1,342,904,890	-	-	376,911,475	1,719,816,365

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk* (continued)

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*	-	-	-	272,522,709	272,522,709
Deposits and other receivables					
- Normal**	18,938,968	-	-	-	18,938,968
Due from ultimate holding company					
- Normal**	20,549,660	-	-	-	20,549,660
Due from immediate holding company					
- Normal**	401,356,366	-	-	-	401,356,366
Due from fellow subsidiaries					
- Normal**	429,360,301	-	-	-	429,360,301
Due from a related company					
- Normal**	8,262,434	-	-	-	8,262,434
Due from non-controlling shareholders					
- Normal**	75,092	-	-	-	75,092
Due from directors					
- Normal**	3,704,113	-	-	-	3,704,113
Due from an associate					
- Normal**	10,633,275	-	-	-	10,633,275
Pledged time deposits					
- Not yet past due	163,520,824	-	-	-	163,520,824
Cash and cash equivalents					
- Not yet past due	128,255,524	-	-	-	128,255,524
Total	<u>1,184,656,557</u>	<u>-</u>	<u>-</u>	<u>272,522,709</u>	<u>1,457,179,266</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)*

- \* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.
- \*\* The credit quality of the deposits and other receivables and amounts due from the ultimate holding company, the immediate holding company, fellow subsidiaries, non-controlling shareholders, directors, an associate 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”.

*Equity price risk*

Equity price risk is the risk that the fair values of investment securities decrease as a result of changes in the levels of equity indices or the value of individual securities. The Group is exposed to equity price risk arising from individually listed equity investments included in financial assets at fair value through profit or loss (note 13) as at 31 March 2024. The Group’s listed equity investments are listed in the United States of America and are valued at quoted market prices at the end of the reporting period.

The following table demonstrates the sensitivity to every 10% change in the fair values of the investment securities, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Carrying amount of equity investments HK\$	Change in profit before tax HK\$
2024		
Investments listed in the United States of America	<u>4,561,859</u>	<u>456,186</u>
2023		
Investments listed in the United States of America	<u>19,742,273</u>	<u>1,974,227</u>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk*

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024			
	On demand/ less than 1 year HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Lease liabilities	8,434,406	21,921,621	-	30,356,027
Interest-bearing bank borrowings	279,021,999	-	-	279,021,999
Trade and bills payables	460,356,889	-	-	460,356,889
Financial liabilities included in other payables and accruals	62,664,213	-	-	62,664,213
Due to fellow subsidiaries	418,232,231	-	-	418,232,231
Due to an associate	2,693,430	-	-	2,693,430
Due to a director	38,900	-	-	38,900
Derivative financial instruments	2,797,682	-	-	2,797,682
<b>Total</b>	<b>1,234,239,750</b>	<b>21,921,621</b>	<b>-</b>	<b>1,256,161,371</b>

	2023			
	On demand/ less than 1 year HK\$	1 to 5 years HK\$	Over 5 years HK\$	Total HK\$
Lease liabilities	9,939,600	26,875,302	-	36,814,902
Interest-bearing bank borrowings	238,441,333	-	-	238,441,333
Trade and bills payables	372,981,536	-	-	372,981,536
Financial liabilities included in other payables and accruals	87,941,873	-	-	87,941,873
Due to fellow subsidiaries	289,437,813	-	-	289,437,813
Derivative financial instruments	659,146	-	-	659,146
<b>Total</b>	<b>999,401,301</b>	<b>26,875,302</b>	<b>-</b>	<b>1,026,276,603</b>

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Interest rate benchmark reform*

As at 31 March 2023, the Group had certain interest-bearing bank borrowings denominated in United States dollars. The interest rates of these instruments are based on the LIBOR, which will cease to be published after 30 June 2023.

The information about financial instruments based on an interbank offered rate that had yet to transition to an alternative benchmark rate is as follows:

As at 31 March 2023

	Non-derivative financial liabilities - carrying value HK\$
Interest-bearing bank borrowings	
- United States dollar LIBOR	<u>14,572,442</u>

*Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its businesses and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to its shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 HK\$	2023 HK\$
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	4,618,182	7,409,275
Investment properties	24,162,537	24,896,008
Right-of-use assets	2,568,272	6,076,364
Investments in subsidiaries	20,496,302	19,729,971
Financial assets at fair value through profit or loss	29,409,260	28,539,447
Financial assets at fair value through other comprehensive income	6,133,795	6,133,794
Deposits	-	677,404
Total non-current assets	<u>87,388,348</u>	<u>93,462,263</u>
<b>CURRENT ASSETS</b>		
Trade receivables	26,478,200	24,542,855
Prepayments, deposits and other receivables	14,142,251	14,095,982
Financial assets at fair value through profit or loss	4,644,335	50,666,672
Financial assets at fair value through other comprehensive income	12,819,901	11,911,880
Due from the ultimate holding company	-	-
Due from an immediate holding company	368,060,842	401,443,394
Due from fellow subsidiaries	544,510,650	424,975,519
Due from subsidiaries	249,769,634	273,463,761
Due from a related company	4,668,000	8,262,434
Due from directors	-	196,251
Derivative financial instruments	1,387,880	530,110
Pledged time deposits	112,702,335	146,446,526
Cash and cash equivalents	42,691,041	18,142,924
Total current assets	<u>1,381,875,069</u>	<u>1,374,678,308</u>

continued/...

NORWEST INDUSTRIES LIMITED


NOTES TO FINANCIAL STATEMENTS

31 March 2024

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	2024 HK\$	2023 HK\$
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	18,390,246	20,183,013
Other payables and accruals	19,776,307	28,153,765
Lease liabilities	1,258,611	1,732,242
Interest-bearing bank borrowings	65,701,827	132,859,228
Due to fellow subsidiaries	350,105,714	217,733,736
Due to subsidiaries	211,528,003	248,966,781
Due to a director	38,900	-
Derivative financial instruments	2,705,690	610,972
Tax payable	3,211,268	3,634,637
Total current liabilities	<u>672,716,566</u>	<u>653,874,374</u>
<b>NET CURRENT ASSETS</b>	<u>709,158,503</u>	<u>720,803,934</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>796,546,851</u>	<u>814,266,197</u>
<b>NON-CURRENT LIABILITIES</b>		
Other payables	3,014,471	3,636,246
Lease liabilities	1,467,664	4,548,198
Total non-current liabilities	<u>4,482,135</u>	<u>8,184,444</u>
<b>Net assets</b>	<u>792,064,716</u>	<u>806,081,753</u>
<b>EQUITY</b>		
Share capital	31,120,000	31,120,000
Reserves (note)	<u>760,944,716</u>	<u>774,961,753</u>
<b>Total equity</b>	<u>792,064,716</u>	<u>806,081,753</u>

.....  
Deepak Kumar Seth  
Director

.....  
  
Krishna Kanodia  
Director

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Hedging reserve HK\$	Fair value reserve of financial assets at fair value through other comprehensive income HK\$	Contribution from the ultimate holding company HK\$	Retained profits HK\$	Total
1 April 2022	1,883,883	1,421,892	942,831	593,051,176	597,299,782
Profit for the year	-	-	-	213,856,091	213,856,091
Other comprehensive income/(loss) for the year:					
Remeasurement of defined plans, net of tax	-	-	-	( 416,803)	( 416,803)
Changes in fair value of financial assets at fair value through other comprehensive income	-	2,567,705	-	-	2,567,705
Equity-settled share-based payment arrangements	-	-	2,519,724	-	2,519,724
Cash flow hedges, net of tax	( 1,964,746)	-	-	-	( 1,964,746)
Total comprehensive income for the year	( 1,964,746)	2,567,705	2,519,724	213,439,288	216,561,971
Interim 2023 dividend paid	-	-	-	( 38,900,000)	( 38,900,000)
At 31 March 2023	( 80,863)	3,989,597	3,462,555	767,590,464	774,961,753

NORWEST INDUSTRIES LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Hedging reserve HK\$	Fair value reserve of financial assets at fair value through other comprehensive income HK\$	Contribution from the ultimate holding company HK\$	Retained profits HK\$	Total
1 April 2023	( 80,863)	3,989,597	3,462,555	767,590,464	774,961,753
Profit for the year	-	-	-	63,442,996	63,442,996
Other comprehensive income/(loss) for the year:					
Remeasurement of defined plans, net of tax	-	-	-	862,780	862,780
Equity-settled share-based payment arrangements	-	-	714,134	-	714,134
Cash flow hedges, net of tax	( 1,236,947)	-	-	-	( 1,236,947)
Total comprehensive income for the year	( 1,236,947)	-	714,134	64,305,776	63,782,963
Interim 2024 dividend paid	-	-	-	( 77,800,000)	( 77,800,000)
At 31 March 2024	( 1,317,810)	3,989,597	4,176,689	754,096,240	760,944,716

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 May 2024.

**PDS Brands Private Limited**  
**Balance Sheet as at March 31, 2024**

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

Particulars	Note no.	As at March 31, 2024	As at March 31, 2023
<b>Assets</b>			
<b>I. Current assets</b>			
(a) Financial assets			
(i) Investment	4	111.13	10.81
(ii) Cash and cash equivalents	5	0.77	1.62
(v) Bank balances other than (ii) above	6	-	-
(iii) Other financial assets	7	-	-
(b) Current tax assets			
(i) Trade receivables		0.07	-
(c) Other current assets		0.10	-
<b>Total current assets</b>		<b>112.07</b>	<b>12.43</b>
<b>Total assets</b>		<b>112.07</b>	<b>12.43</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	6	1.00	1.00
(b) Other equity	7	(2.04)	(1.29)
<b>Total equity</b>		<b>(1.04)</b>	<b>(0.29)</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities	8	113.09	12.70
(b) Other current liabilities	9	0.02	0.02
<b>Total current liabilities</b>		<b>113.11</b>	<b>12.72</b>
<b>Total equity and liabilities</b>		<b>112.07</b>	<b>12.43</b>

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements


As per our report of even date attached

**For S S Surana & Co**  
**Chartered Accountants**  
**Firm Registration No.: 001079C**

MANOJ KUMAR  
GIRDHARILAL SARAF  
Date: 2024.05.13  
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**Manoj Saraf**  
**Partner**  
**Membership No. 100785**  
**UDIN No: 24100785BKAHCD7290**

**For and on behalf of Board of Directors of**  
**PDS Brands Private Limited**

  
**Raamann Ahuja**  
Director  
DIN 06577212

  
**Abhishek Kanoi**  
Director  
DIN 03129842

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

**PDS Brands Private Limited****Statement of Profit and Loss for the period ended March 31, 2024**

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

Particulars	Note no.	Year ended March 31, 2024	Year ended March 31, 2023
I Revenue from operations		-	-
II Other income		-	-
III Total income (I+II)		-	-
IV Expenses			
(a) Other expenses	10	0.75	0.96
Total expenses (IV)		0.75	0.96
V Loss before tax (III-IV)		(0.75)	(0.96)
VI Tax expense		-	-
VII Loss for the period (V-VI)		(0.75)	(0.96)
VIII Other comprehensive income			
(A) (i) Items that will not be reclassified to profit or loss		-	-
(B) (i) Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the period, net of tax		-	-
IX Total comprehensive loss for the period (VII + VIII)		(0.75)	(0.96)
X Earnings per share: (face value of ₹ 10 per share)	11		
1) Basic (amount in ₹)		(7.50)	(10.22)
2) Diluted (amount in ₹)		(7.50)	(10.22)

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For S S Surana & Co**  
Chartered Accountants  
Firm Registration No.: 001079C

MANOJ  
KUMAR  
GIRDHARILAL SARAF  
SARAF

**Manoj Saraf**  
Partner  
Membership No. 100785  
UDIN No: 24100785BKAHCD7290

**For and on behalf of Board of Directors of**  
PDS Brands Private Limited

  
**Raamann Ahuja**  
Director  
DIN 06577212

  
**Abhishek Kanoi**  
Director  
DIN 03129842

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

**PDS Brands Private Limited****Statement of changes in equity for the period ended March 31, 2024**

Statement of Profit and Loss for the period ended March 31, 2024, unless otherwise stated)

**A. Equity share capital**

Particulars	Number of shares	Amount
Balance as at March 31, 2022	10,000	1.00
Equity shares issued during the period	-	-
Balance as at March 31, 2023	10,000	1.00

**B. Other equity**

Particulars	Total
Balance as at April 01, 2022	(0.33)
Loss for the period	(0.96)
Balance as at March 31, 2023	(1.29)
Loss for the period	(0.75)
Other comprehensive income for the period, net of tax	-
Balance as at March 31, 2024	(2.04)

Summary of significant accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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

Firm Registration No.: 001079C

MANOJ  
KUMAR  
GIRDHARILAL  
SARAF

Digitally signed by  
MANOJ KUMAR  
GIRDHARILAL SARAF  
Date: 2024.05.13  
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**Manoj Saraf**

Partner

Membership No. 100785

  
Raamann Ahuja  
Director  
DIN 06577212

  
Abhishek Kanoi  
Director  
DIN 03129842

Mumbai  
Dated: May 13, 2024Mumbai  
Dated: May 13, 2024Mumbai  
Dated: May 13, 2024

**PDS Brands Private Limited****Statement of Cash Flow for the period ended March 31, 2024**

Statement of Profit and Loss for the period ended March 31, 2024 (Amounts in ₹ in lakhs, unless otherwise stated) :hs, unless otherwise stated)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Loss before tax	(0.75)	(0.96)
Adjustments	-	-
<b>Operating profit before change in working capital</b>	<b>(0.75)</b>	<b>(0.96)</b>
<b>Movement in working capital:</b>		
Change in other current financial liabilities	12.70	12.70
Change in other current Current liabilities	0.02	0.02
<b>Net cash outflow from operating activities (A)</b>	<b>11.97</b>	<b>11.76</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(111.13)	(10.81)
<b>Net cash generated from in investing activities (B)</b>	<b>(111.13)</b>	<b>(10.81)</b>
<b>Cash flows from financing activities</b>		
Proceed from issue of equity share capital	100.39	-
<b>Net cash inflow from financing activities (C)</b>	<b>100.39</b>	<b>-</b>
<b>Net cash generated from in investing</b>		
<b>Net increase in cash and cash equivalents (A+B)</b>	<b>1.23</b>	<b>0.95</b>
Cash and cash equivalents at the beginning of the year (refer note 4)	1.62	0.67
<b>Cash and cash equivalent at the end of the year (refer note 4)</b>	<b>2.85</b>	<b>1.62</b>
<b>Components of cash and cash equivalents</b>		
Balances with bank - on current account	0.77	1.62
<b>Cash and cash equivalent at the end of the year (refer note 4)</b>	<b>0.77</b>	<b>1.62</b>

Summary of significant accounting policies and explanatory information thereo 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached


**For S S Surana & Co**  
**Chartered Accountants**  
**Firm Registration No.: 001079C**

MANOJ  
KUMAR  
GIRDHARILAL  
SARAF

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MANOJ KUMAR  
GIRDHARILAL SARAF  
Date: 2024.05.13  
18:46:13 +05'30'

**Manoj Saraf**  
Partner  
Membership No. 100785  
UDIN No: 24100785BKAHCD7290

**For and on behalf of Board of Directors of**  
**PDS Brands Private Limited**

  
**Raamann Ahuja**  
Director  
DIN 06577212

  
**Abhishek Manoi**  
Director  
DIN 03129842

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

Mumbai  
Dated: May 13, 2024

## PDS Brands Private Limited

### Notes to the financial statements for the period ended March 31, 2024

Statement of Profit and Loss for the period ended March 31, 2024

#### Note 1: Corporate information

PDS Brands Private Limited is a Private Limited Company (hereinafter referred as 'the Company') domiciled in India was incorporated on April 23, 2021 and has its registered office at 758 & 759, 2nd Floor, 19th Main, HSR Layout, Sector-II, Bengaluru - 560102, Karnataka. The Company is engaged in trading of ready to wear apparels, providing services to group companies engaged in the export of ready to wear apparels and sourcing & distribution of their products.

The financial statements of the Company for the period April 1, 2023 to March 31, 2024 were approved by the Board of Directors and authorized for issue on 13th May 2024

#### Note 2: Statement of compliance

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

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

##### Basis of preparation and presentation

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

##### Recent accounting pronouncement

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

#### a) Balance Sheet:

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

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

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

Specified format for disclosure of shareholding of promoters.

#### b) Statement of profit and loss:

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

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

#### Note 3: Significant accounting policies

##### a) Significant accounting judgements, estimates and assumptions

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

##### Judgements:

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

##### Useful lives of property, plant and equipment

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

##### Estimates and Assumptions:

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

## PDS Brands Private Limited

### Notes to the financial statements for the period ended March 31, 2024

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

#### d) Intangible assets

##### **Recognition and measurement**

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

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

#### e) Foreign currency transaction

##### **Functional and presentation currency**

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

##### **Initial recognition**

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

##### **Measurement at the reporting date**

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

#### f) Revenue recognition

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

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

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

##### **Recognizing revenue from major business activities**

###### **(i) Rendering of services**

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

##### **Other income**

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

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

#### g) Employee's Benefits

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

##### **Defined Contribution Plan**

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

## PDS Brands Private Limited

### Notes to the financial statements for the period ended March 31, 2024

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#### **(b) Financial liabilities**

##### **Initial recognition and measurement**

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

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

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

##### **Subsequent measurement**

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

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

##### **De-recognition**

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

##### **(c) Offsetting of financial instruments**

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

#### **i) Impairment of financial assets**

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

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

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

#### **m) Impairment of non-financial assets**

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

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

#### **n) Fair value measurement**

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

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

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

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

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

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

# PDS Brands Private Limited

## Notes to the financial statements for the period ended March 31, 2024

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

Note 4 : Investment	As at March 31, 2024	As at March 31, 2023
26,62,445 (March 31, 2023 :26,62,445) equity shares of Digital Ecom Techno Pvt Ltd. Rs 0.40 each fully paid up	10.81	10.81
7,60,000 (March 31, 2023 :NIL) Preference shares of Digital Ecom Techno Pvt Ltd. Rs10 each fully paid up	100.32	-
<b>Total</b>	<b>111.13</b>	<b>10.81</b>

Note 5 : Cash and cash equivalents	As at March 31, 2024	As at March 31, 2023
Balances with banks:		
- Current account	0.77	1.62
<b>Total</b>	<b>0.77</b>	<b>1.62</b>

Note 6 : Share capital	As at March 31, 2024	As at March 31, 2023
<b>Authorised</b>		
10,000 equity shares of ₹ 10 each*	1.00	1.00
	<b>1.00</b>	<b>1.00</b>
<b>Issued, subscribed and paid up</b>		
10,000 equity shares of ₹ 10 each*	1.00	1.00
<b>Total</b>	<b>1.00</b>	<b>1.00</b>

### a) Reconciliation of issued and subscribed share capital:

	No. of shares*	Amount
Balance as at April 01, 2022	10,000	1.00
Issued during the period	-	-
<b>Balance as at March 31, 2023</b>	<b>10,000</b>	<b>1.00</b>

### b) Terms/ rights attached to equity shares:

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

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

Particulars	As at March 31, 2024	
	No. of shares*	Holding %
PDS Limited - Holding company	10,000	100%

\* The Number of shares are given in absolute numbers.

Note 7 : Other equity	As at March 31, 2024	As at March 31, 2023
Balance as at the beging of the period	(1.29)	(0.33)
Loss for the period	(0.75)	(0.96)
Other comprehensive income for the period, net of tax	-	-
<b>Balance as at the end of the period</b>	<b>(2.04)</b>	<b>(1.29)</b>

**PDS Brands Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

<b>Note 8 : Borrowings</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Current</b>		
<b>Unsecured loan</b>		
From related party (refer note 16)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 9 : Other current financial liabilities</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Employee dues	-	-
Interest accrued and due on borrowings from related party (refer note 16)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Note 10 : Trade payables</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
- Outstanding dues to Micro Enterprises and Small Enterprises (refer note 'b' below)	-	-
- Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<p>a) Trade payables are non-interest bearing and are normally settled on 60 day terms, except for Micro and Small Enterprises (if any) which are settled within 45 days.</p> <p>b) As per Schedule III of the Companies Act, 2013 and notification number GSR 719 (E) dated November 16, 2007 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:</p> <p>- the principal amount (March 31, 2021: Nil) and the interest (March 31, 2021: Nil) due thereon remaining unpaid to any supplier at the end of each accounting year;</p> <p>- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;</p> <p>- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;</p> <p>- the amount of interest accrued and remaining unpaid at the end of each accounting year; and</p> <p>- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section</p> <p>c) The amount does not include any amount due to be transferred to Investor Protection and Education fund.</p> <p>d) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company. There are no overdue principal amounts / interest payable amounts for delayed payments to such vendors at the Balance Sheet date except disclosed above.</p>		
<b>Note 11 : Other current liabilities</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Statutory dues	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**PDS Brands Private Limited****Notes to the financial statements for the period ended March 31, 2024**

Statement of Profit and Loss for the period ended March 31, 2024

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

**Note 16: Financial risk management objectives and policies**

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

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

**A. Market risk**

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

Market risk exposures are measured using sensitivity analysis.

**i) Foreign currency risk**

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

**B. Liquidity risk**

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

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

The Company does not have any such financial liability as at March 31, 2024 which imposes liquidity risk.

**C. Credit risk**

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

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

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

## Notes to the financial statements for the period ended March 31, 2024

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

**Note 11 : Earnings per share (EPS)**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Loss attributable to the equity holders	(0.75)	(0.96)
Weighted average number of equity shares for basic and diluted	10,000	9,397
<b>Basic and diluted earnings per share(in ₹) (face value ₹ 10 per share)</b>	<b>(7.50)</b>	<b>(10.22)</b>

\* The Number of shares are given in absolute numbers.

**Note 12 : Related party transaction****a) List of related parties****i) Parties where control exists:**

Name of related party	Nature of relationship
PDS Limited	Holding Company
Digital Ecom	Associate
Mr. Omprakash Makam Suryanarayan Setty (Director)	Key Managerial Personnel
Mr. Ghanshyam Periwal (Director)	

**b) Transactions with related parties**

Name of related party	Relationship	Nature of transaction	For the period ended March 31, 2024	For the period ended March 31, 2023
Digital Ecom	Associate	Investment made	100.32	10.81

**c) Year end payable balances of related parties**

Name of related party	Relationship	Nature of transaction	Year ended March 31, 2024	Year ended March 31, 2023
PDS Limited	Holding Company	Due to Related Parties	113.09	12.70
Digital Ecom	Associate	Investment	111.13	10.81

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**PDS Brands Private Limited****Notes to the financial statements for the period ended March 31, 2024**

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

**Note 17 : Commitments and Contingencies****(a) Commitments**

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

**(b) Contingencies**

There is no contingent liability as at March 31, 2024

**Note 18: Subsequent Events**

No material events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2024.

**Note 19:** Figures have been rounded off to the nearest ₹ in lakhs, except otherwise stated.

**Note 20: Ratio analysis and its elements\***

Ratio	Numerator	Denominator	31-Mar-24	31-Mar-23
i) Return on Equity ratio	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	-144%	-662%

**Note 21: Other statutory information**

- The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company has not been declared as wilful defaulter by any bank or financial institutions or other lenders.
- The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- Based on the information available with the Company, the Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- The business of the company has not yet commenced, during the year the company has incurred expenses of Rs. And total accumulated expenses of Rs. Thousand have exceeded the paid up share capital of the company. The holding company has willingness to provide the financial support as per requirement.

As per our report of even date attached

**For S S Surana & Co**  
**Chartered Accountants**  
**Firm Registration No.: 001079C**

MANOJ KUMAR Digitally signed by  
GIRDHARILAL MANOJ KUMAR  
SARAF GIRDHARILAL SARAF  
Date: 2024.05.13  
18:46:49 +05'30'

**Manoj Saraf**  
Partner  
Membership No. 100785  
UDIN No: 24100785BKAHCD7290

Mumbai  
Dated: May 13, 2024

**For and on behalf of Board of Directors of**  
**PDS Brands Private Limited**

  
**Raamann Ahuja**  
Director  
DIN 06577212

Mumbai  
Dated: May 13, 2024

  
**Abhishek Kanoi**  
Director  
DIN 03129842

Mumbai  
Dated: May 13, 2024

# **PDS MULTINATIONAL FZCO**

## **Consolidated Financial Statements**

**For the period April 01, 2023 to March 31, 2024**

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## **PDS MULTINATIONAL FZCO**

**Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates**

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### **GENERAL INFORMATION**

Shareholder : Multinational Textile Group Limited

License No 4617

#### **Principal activities of the Entity:**

The activity of the company are as follows:-

- (a) Clothing including sports clothes and uniforms Trading
- (b) Clothing accessories Trading
- (c) Investment in Commercial Enterprises & Management

Business Address : Office No. 308, Building 5WA, Dubai Airport  
Free Zone, Dubai, United Arab Emirates

Bank : Emirates NBD  
HSBC Bank

Auditor : Alia Chartered Accountancy  
Dubai, United Arab Emirates

## PDS MULTINATIONAL FZCO

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

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### MANAGER'S REPORT

The Manager has pleasure in presenting his report and the consolidated audited financial statements for the period ended March 31, 2024

#### Principal activities of the Entity:

The activity of the company are as follows:-

- (a) Clothing including sports clothes and uniforms Trading
- (b) Clothing accessories Trading
- (c) Investment in Commercial Enterprises & Management

#### Financial review:

The table below summarizes the results of 2023-24 and 2022-23

<u>Particulars</u>	<u>01.04.2023 to</u>	(figures in AED)
	<u>31.03.2024</u>	<u>01.04.2022 to</u> <u>31.03.2023</u>
Revenue	893,113,720	664,897,978
Net profit/(Loss) for the period	48,545,330	38,214,007

#### Role of the Manager:

The Manager is the Entity's principal decision-maker. The Manager have the overall responsibility for leading and supervising the Entity, for delivering sustainable shareholder value through his guidance and supervision of the Entity's business. The Manager sets the strategies and policies of the Entity. They monitors performance of the Entity's business, guides and supervises the management.

#### Events after year end:

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

#### Auditor:

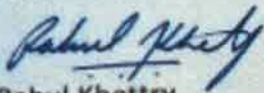
M/s Alia Chartered Accountancy, Chartered Accountants, have showed their willingness to continue and are appointed to carry out independent audit for the year ending March 31, 2025

Statement of Manager responsibilities:

The applicable requirements require the Manager to prepare the financial statements for each financial year, which presents fairly, in all material respects, the financial position of the Entity, and its financial performance for the period then ended.

The audited financial statements for the period under review have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Manager confirms that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables him to ensure that the financial statements comply with the requirements of applicable statute. The Manager confirms that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its. These financial statements were approved by the shareholders and signed on behalf by the authorized representative of the company.

FOR PDS MULTINATIONAL FZCO

  
Mr. Rahul Khettry  
Authorized Signatory



## **INDEPENDENT AUDITOR'S REPORT**

To,  
The Shareholders,  
PDS Multinational FZCO,  
Dubai, United Arab Emirates.  
**Report on the Audit of Consolidated Financial Statements.**

### **Opinion**

We have audited the accompanying Consolidated financial statements of **PDS Multinational FZCO**, Dubai, United Arab Emirates which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity & statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and its financial performance for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

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 requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



### 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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



**Report on other legal and regulatory requirements**

1. We have obtained all the information and explanations which we considered necessary for our audit,
2. The financial statements have been prepared and comply in all material respects with the applicable provisions of the relevant UAE laws, and the Memorandum and Articles of Association of the Entity,
3. The contents of the Manager's report which relates to the financial statements are in agreement with the Entity's books of account
4. We further confirm that the financial statements comply with the applicable provisions of Implementing Regulations No. 01 of 1998 pursuant to Law No. 2 of 1996 and its amendment Law No. (2) of 2000 and amendment Law No. (25) of 2009 of H.H Ruler of Dubai concerning the formation of legal establishment at Dubai Airport Free Zone. Further, we have obtained all the information and explanations necessary for our audit and proper books of account and other records have been maintained in accordance with the said regulation.

**ALIA CHARTERED ACCOUNTANCY****Authorized Signatory****Date: 10<sup>th</sup> May, 2024**

# PDS MULTINATIONAL FZCO

Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Statement of Financial Position as at March 31, 2024

		(figures in AED)	
	NOTE	01.04.2023 to 31.03.2024	01.04.2022 to 31.03.2023
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipments	4	2,497,407	1,080,063
Investments	7	41,725,359	42,783,430
Right of Use Assets	8	2,021,028	3,008,606
Goodwill		2,437,385	-
<b>Total Non-Current Assets</b>	<b>(A)</b>	<b>50,682,179</b>	<b>46,872,099</b>
<b>Current Assets</b>			
Advances, Deposits and other receivables	9	11,468,036	3,185,418
Trade Receivables	10	212,510,046	111,811,077
Cash and Cash Equivalents	11	30,218,144	22,595,724
Due from related parties	17	36,505,203	24,544,042
Inventories		851,805	-
<b>Total Current Assets</b>	<b>(B)</b>	<b>291,563,234</b>	<b>162,136,261</b>
<b>Total Assets</b>	<b>(A+B)</b>	<b>342,245,413</b>	<b>209,008,360</b>
<b>Equity</b>			
Share Capital	12	42,305,000	42,305,000
Retained Earnings	13	42,196,798	20,570,839
Shareholder Current Account		-	-
Other Reserves		(173,375)	259,769
Non Controlling Interest		7,271,508	9,203,064
<b>Total Equity</b>	<b>(C)</b>	<b>91,599,931</b>	<b>72,338,652</b>
<b>Non-Current Liabilities</b>			
Loan and Factoring	14	106,535,080	59,169,831
Lease Liability	15	1,002,807	1,566,146
	<b>(D)</b>	<b>107,537,887</b>	<b>60,735,977</b>
<b>Current Liabilities</b>			
Trade and Other Payables	16	102,988,399	51,861,049
Lease Liabilities	15	648,196	910,699
Due to related parties	17	39,471,000	23,161,983
<b>Total Current Liabilities</b>	<b>(E)</b>	<b>143,107,595</b>	<b>75,933,731</b>
<b>Total Liabilities</b>	<b>(F)=(D+E)</b>	<b>250,645,482</b>	<b>136,669,708</b>
<b>Total Equity and Liabilities</b>	<b>(C+F)</b>	<b>342,245,413</b>	<b>209,008,360</b>

The attached notes form an integral part of these accounts.

Auditors report is annexed hereto.

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

FOR PDS MULTINATIONAL FZCO

Mr. Rahul Khettry

Authorized Signatory



**PDS MULTINATIONAL FZCO**

Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates

**Consolidated Statement of Comprehensive Income for the period ended March 31, 2024**

		(figures in AED)	
	NOTE	01.04.2023 to 31.03.2024	01.04.2022 to 31.03.2023
Revenue	18	893,113,720	664,897,978
Cost of revenue	19	(740,404,009)	(568,743,135)
<b>Gross profit</b>		<b>152,709,711</b>	<b>96,154,843</b>
Other Income	20	10,874,841	4,210,412
General and administrative expenses	21	(110,755,726)	(61,239,389)
Finance Cost	22	(3,470,374)	(1,205,441)
Depreciation	4,8	(1,659,712)	(797,470)
<b>IV Profit/ (Loss) for the year</b>		<b>846,590</b>	<b>1,091,052</b>
<b>Profit/ (Loss) for the period</b>		<b>48,545,330</b>	<b>38,214,007</b>
<b>Attributable to:</b>			
- Shareholder of the Company		30,213,565	23,455,067
- Non controlling interest		18,331,765	14,758,940
		<b>48,545,330</b>	<b>38,214,007</b>
<b>Other comprehensive income</b>			
- Items that will not be reclassified subsequent to profit or loss		-	-
- Items that will be reclassified subsequent to profit or loss		-	-
<b>Total Comprehensive income for the period</b>		<b>48,545,330</b>	<b>38,214,007</b>
<b>Attributable to:</b>			
- Shareholder of the Company		30,213,565	23,455,067
- Non controlling interest		18,331,765	14,758,940
		<b>48,545,330</b>	<b>38,214,007</b>

The attached notes form an integral part of these accounts.

Auditor's Report is attached hereto.

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

FOR PDS MULTINATIONAL FZCO

Mr. Rahul Khettry

Authorized Signatory



# **PDS MULTINATIONAL FZCO**

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Statement of changes in equity - for the period ended March 31, 2024

## Equity and retained earnings

	Share Capital	Attributable to the equity holders of the parent			Non-Controlling Interest	Total
		Retained Earnings	Shareholders' Current Account	Other Reserves		
Balance as at March 31, 2022	100,000	6,541,142	41,805,505	-	110,000	48,556,647
Additional Share Capital	42,205,000				108,000	42,313,000
Retained Earning for Co. Acquisition		758,499			2,520,577	3,279,076
Profit/(Loss) for the Period		23,455,067			16,407,980	39,863,047
Net Movements during the Period		(10,183,869)	(41,805,505)	259,749	(9,943,493)	(61,673,118)
Balance as at March 31, 2023	42,305,000	20,570,839	-	259,749	9,203,064	72,338,651
Share Capital Introduced					78,625	78,625
Retained Earning for Co. Acquisition		1,321,394			423,285	1,744,659
Profit/(Loss) for the Period		30,213,565			18,331,765	48,545,330
Net Movements during the Period		(9,909,000)		(433,124)	(20,765,211)	(31,107,335)
Balance as at March 31, 2024	42,305,000	42,196,798	-	(173,375)	7,271,508	91,599,931

The attached notes form an integral part of these accounts.  
Auditors report is annexed hereto.

FOR PDS MULTINATIONAL FZCO

*Rahul Khetry*

Mr. Rahul Khetry  
Authorized Signatory



# **PDS MULTINATIONAL FZCO**

Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Cash Flow Statement for the period ended March 31, 2024

	01.04.2023 to 31.03.2024	(figures in AED) 01.04.2022 to 31.03.2023
<b>Cash Flows from operating activities</b>		
Net Profit/ (Loss) for the period	48,585,330	38,214,007
Adjustments:		
Depreciation	589,875	77,865
Financial Charges	3,470,374	1,205,441
<b>Net cash from operating activities</b>	<b>52,605,079</b>	<b>39,497,313</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in other current assets	(8,282,618)	(2,850,220)
(Increase)/Decrease in Trade Receivables	(100,698,970)	(66,509,848)
(Increase)/Decrease in Inventory	(861,805)	760,413
Due from Related Parties	(11,961,161)	(22,783,208)
Increase/(Decrease) in Trade and other payables	51,127,350	20,874,317
Due to Related Parties	16,309,015	19,081,233
<b>Net cash used from operating activities</b>	<b>(1,763,110)</b>	<b>(11,930,000)</b>
<b>Cash Flow from investing activities</b>		
Purchase of fixed assets	(2,006,719)	(1,152,866)
Sale of Fixed Assets	-	6,133
Investments	(942,928)	(1,053,958)
Investment in Security Deposit	-	20,124
Right to use Assets/ Lease Liabilities	161,736	(286,614)
Investment in Goodwill	(2,437,385)	-
<b>Net cash used in investing activities</b>	<b>(5,225,296)</b>	<b>(2,467,181)</b>
<b>Cash Flows from financing activities</b>		
Share Capital Introduced	78,625	42,313,000
Finance Charges	(3,470,374)	(1,205,441)
Shareholder Current Account	(30,674,210)	(61,795,242)
Investment in NCI	1,744,659	3,279,076
Other Reserves	(433,124)	259,749
Loan from Bank	47,365,250	41,017,643
<b>Net cash generated in financing activities</b>	<b>14,610,826</b>	<b>23,868,785</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,622,420</b>	<b>9,471,604</b>
Cash and cash equivalents beginning of period	22,595,724	13,124,120
Cash and cash equivalents end of period	<b>30,218,144</b>	<b>22,595,724</b>
<b>Represented by:</b>		
Cash Balance	31,680	4,875
Bank Balance	30,186,464	22,590,849
	<b>30,218,144</b>	<b>22,595,724</b>

The attached notes form an integral part of these accounts.  
Auditors report is annexed hereto.

FOR PDS MULTINATIONAL FZCO

*Rahul Khetry*

Mr. Rahul Khetry  
Authorized Signatory



## PDS MULTINATIONAL FZCO

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Notes to the financial statements - for the period ended March 31, 2024

### 1 LEGAL STATUS :

PDS Multinational FZCO is incorporated on February 01, 2022 under License No.- 4617 issued by Dubai Airport Free Zone Authority, Dubai, UAE

The registered address of the company is Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates.

The company is managed and controlled by following persons:

1.Mr.Deepak Kumar Seth

2.Mr.Rahul Khetry

These consolidated financial statements include the assets, liabilities and the results of operations of PDS Multinational FZCO and its controlled subsidiaries as mentioned below.

Name of Subsidiary	Country of Incorporation	% of Holding
Twins Asia FZCO	Registered in UAE	75%
Design Arc FZCO	Registered in UAE	75%
Poeticgem International FZCO	Registered in UAE	65%
Clover Collections FZCO	Registered in UAE	75%
Collaborative Sourcing Services FZCO	Registered in UAE	100%
Kleider Sourcing FZCO	Registered in UAE	41%
PDS Brands Manufacturing FZCO	Registered in UAE	100%
PDS Sourcing FZCO	Registered in UAE	100%
PDS Logistics FZCO	Registered in UAE	51%
PDS Global Procurment	Registered in UAE	100%
DESIGN HUB SOURCING FZCO	Registered in UAE	60%
Transport Partner Ltd	Registered in Bangladesh	40%
PDS Design Services FZCO	Registered in UAE	100%
PDs Lifestyle FZCO	Registered in UAE	100%
DH Sourcing Bangladesh	Registered in Bangladesh	60%
The Source Fashions FZCO	Registered in UAE	85%
Infinty Fashions FZCO	Registered in UAE	100%
Collective Near East Sourcing FZCO	Registered in UAE	100%
PDS Radius Brands FZCO	Registered in UAE	75%

Name of Joint Venture	Country of Incorporation	% of Holding
PG Capital FZE	Registered in UAE	100%
Yellow Octopus	Registered in UK	50%

## **PDS MULTINATIONAL FZCO**

**Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates**

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**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

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### **2 BUSINESS ACTIVITIES :**

The activity of the company are as follows:-

- (a) Clothing including sports clothes and uniforms Trading
- (b) Clothing accessories Trading
- (c) Investment in Commercial Enterprises & Management

### **3 Basis of Preparation**

- 3.1** The financial statements are prepared under the historical cost convention basis applied consistently. Accrual basis of accounting has been followed by the company for the financial statements except the cash flow. These financial statements are prepared on the assumption of going concern basis.
- 3.2** The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standard Board (IASB) and applicable provisions of Federal Law No. 2 of 2015 on Commercial Companies.

### **4 Significant Accounting Judgments, Estimates And Assumptions**

The preparation of these financial statements require management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and accompanying disclosure at the reporting date.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

The key judgments and estimates and assumptions that have significant impact on the financial statements of the Company are as discussed below:

#### **4.1 Satisfaction of Performance Obligation**

The Company is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point of time in order to determine the appropriate method of recognizing revenue. The Company has assessed that the revenue is recognized at a point in time based on agreements entered with customers and the provisions of relevant laws and regulations.

#### **4.2 Determination of Transaction Prices**

The Company is required to determine the transaction price in respect of each of its contract with customers. In making such judgment the Company assesses the impact of any variable consideration in the contract, due to discounts, the existence of any significant financial component in the contract and any non-cash consideration in the contract.

In determining the impact of variable consideration the Company uses the "most-likely amount" method in IFRS 15 whereby the transaction price is determined by reference to the single most likely amount in the range of possible consideration amounts.

## **PDS MULTINATIONAL FZCO**

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

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### **4.3 Transfer of Control in Contract With Customers**

In the cases where the Company determines that performance obligation are satisfied at a point in time, revenue is recognized when the control over the asset that is the subject of the contract is transferred to the customer.

The Company has elected to adopt cost model / fair value model for investment properties. Accordingly investment properties are carried at cost less accumulated depreciation and any accumulated impairments / fair value in accordance with IAS 40.

### **4.4 Useful live of Property, Plant and Equipments**

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets as follows:-

Computer Equipment	3 Years
Office Furniture & Fixture	3 Years
Software	3 Years
IT Equipment	3 Years
Motor Vehicle	5 Years

## **5 Adoption of new and revised standards (IFRSs)**

The company has adopted and complied with the IFRS for SME's since the time it was first published. Any amendments or improvements are adopted by the company with effective dates. These financial statements are prepared as per IFRS effective as on 31st December, 2017, except some IFRS not relevant to the company or not applicable as on the date of the financial statements have been excluded.

Standards and amendments effective for the current year

The following amendments which became effective on 1 January 2022 did not have any significant impact on the Company's financial statements:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark - Phase 2 (1 January 2022)

The Company has not early adopted any other amendments, improvements and interpretations that have been issued but is not yet effective

## **PDS MULTINATIONAL FZCO**

**Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates**

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**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

### **5.1 New and revised International Financial Reporting Standards**

The following amendments, improvements and interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorized for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IFRS 3 – Reference to Conceptual Framework (1 January 2023)
- Amendments to IAS 37 – Onerous Contracts - Cost of Fulfilling a contract (1 January 2023)
- Amendments to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use (1 January 2023)
- Annual Improvements to IFRS Standards 2018-2020 (1 January 2023)
  - IFRS 9 Financial Instruments
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (1 January 2023)

#### **IFRS 16- Leases**

The company assess at contract inception whether a contract is, or contains, a lease, That is if the contract conveys the right to control the use of an identified assets 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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right-of-use assets**

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful life of the right-of-use asset is 3 years.

If ownership of the leased asset transfers to the Company at 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. The right-of-use assets are also subject to impairment.

## **PDS MULTINATIONAL FZCO**

**Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates**

**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

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### **ii) Lease liabilities**

At the commencement date of the lease, the Company recognizes lease liabilities measured 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 terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) 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 the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

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

## **6 Summary of Significant Accounting Policies**

### **6.1 Revenue recognition:**

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which times all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of goods.
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the Company.
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

## **PDS MULTINATIONAL FZCO**

Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates

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**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

### **6.2 Property plant and equipments**

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated using the straight-line method from the date of acquisition to the estimated useful lives of the assets.

At the end of each reporting period, management conducts an assessment of property and equipment to determine whether there are any indications that assets may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

### **6.3 Investment properties**

Properties held for rental or capital appreciation purposes are classified as investment properties. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairments losses / fair value in accordance with IAS 40.

The Company determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognized in income statement. The recoverable amount of the investment properties is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length transaction less related costs while value in use is the present value of estimated future cash flows expected to arise from the continuing use of investment property and from its disposal at the end of its useful life.

### **6.4 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization less any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible assets with finite useful life are reviewed at least at the end of each reporting period. The amortization expense on intangible assets with finite useful lives is recognized in the income statement.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on perspective basis.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in the income statement when the asset is derecognized.

## **PDS MULTINATIONAL FZCO**

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

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### **6.5 Financial assets - classification, measurement, recognition and derecognition**

#### **Classification**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the companies' model for managing them. Financial assets can be classified into following categories:

- those to be measured at fair value through other comprehensive income or through profit or loss, and
- those to be measured at amortized cost

#### **Measurement**

Financial assets are recognized and derecognized on trade date when the purchase and sale of a financial asset is made under a contract whose terms require delivery of financial asset within the timeframe established by market concerned.

Financial assets are initially measured at cost, plus transaction cost, except for those financial assets classified at fair value through other comprehensive income or profit or loss, which are initially measured at fair value.

Subsequent measurement of financial assets after initial measurement can be classified into two categories

#### **a. Equity instruments**

All the financial assets that are equity instruments are measured at fair value through other comprehensive income or through profit or loss. This is an irrevocable choice that the Company has made on adoption of IFRS 9 or will make on subsequent measurement of equity instrument unless equity instrument are held for trading, in which case, they must be measured at fair value through profit or loss. Dividend income for all equity instrument is recognized in profit or loss statement when the right of payment has been established.

#### **b. Debt instrument**

Debt instruments are also measured at fair value through other comprehensive income unless they are classified at amortized cost. They are classified at amortized cost only if:

- the assets held within a business model whose objective is to hold the asset to collect the contractual cash flows; and
- the contractual terms of the debt instrument give rise, on specified date, to cash flows that are solely payments of principal and interest on the principal outstanding.

#### **Derecognition**

Financial asset is derecognized when:

- The right to receive cash flow from the asset have expired; or
- The Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay them in full without material delay to third party under a "pass-through" arrangement, and
- The Company has transferred its rights to receive cash flow from the asset and either:
  - has transferred substantially all the risk and rewards of the asset, or
  - has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

## **PDS MULTINATIONAL FZCO**

**Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates**

**Consolidated Notes to the financial statements - for the period ended March 31, 2024**

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### **Impairment of Financial Assets**

The company recognizes all allowance for expected credit losses for all debt instrument not held at fair value through profit or loss. ECLs are based on the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an effective interest rate.

### **6.6 Financial liabilities - classification, measurement, recognition and derecognition**

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or other financial liabilities.

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

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

### **6.7 Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within due dates and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value.

### **6.8 Trade and Other Payables**

These amounts represents liabilities for goods and services received by the Company in ordinary course of business which are unpaid at the year end. They are generally paid within 3 months and therefore are all classified as current.

### **6.9 Employee End of Service Benefits**

The Company provides end-of-service benefits to its employees. The entitlement to these benefits is usually based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

### **6.10 Provisions**

Provisions are recognized when the Company has a legal or constructive obligation as a result of the past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using the effective interest rate.

Provisions are reviewed at each financial statement date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## PDS MULTINATIONAL FZCO

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Consolidated Notes to the financial statements - for the period ended March 31, 2024

### 6.11 Foreign Currency Translation

Transaction in currencies other than the company's functional currency (Foreign Currencies) are recorded at the rates of exchange prevailing on the dates of transactions. Monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined the resultant income or gain is shown in the income statement.

### 6.12 Cash & Cash Equivalents

Cash and cash equivalents for the purpose of cash flow statement is cash and bank balances and short term deposits with maturity of less than three months, net of bank overdrafts.

### 6.13 Reporting Currency & Rounding Up

The functional currency and reporting currency is UAE Dirhams. The figures are rounded up to UAE Dirhams.

	(figures in AED)	
	01.04.2023 to 31.03.2024	01.04.2022 to 31.03.2023
<b>7 Investments</b>		
Investment in JV	43,726,359	42,783,430
	<b>43,726,359</b>	<b>42,783,430</b>
<b>8 Right of Use Assets</b>		
Opening Balance	3,008,606	1,029,802
Addition during the year	82,759	2,698,409
Depreciation during the year	(1,070,337)	(719,605)
	<b>2,021,028</b>	<b>3,008,606</b>
<b>9 Advances and deposits</b>		
DAFZA Portal Balance	86,014	48,818
Prepaid Expenses	1,417,249	170,827
Other Receivables	4,473,497	2,796,367
Advance to Employees	1,615,640	10,790
Security Deposits	163,201	158,616
Other Advances	3,712,435	-
	<b>11,468,036</b>	<b>3,185,418</b>
<b>10 Trade and Other receivables</b>		
Trade Receivables	212,669,969	111,971,000
Less: Provision for Bad Debts	(159,923)	(159,923)
	<b>212,510,046</b>	<b>111,811,077</b>
<b>11 Cash And Cash Equivalents</b>		
Cash balance	31,680	4,875
Bank balance	30,186,464	22,590,849
	<b>30,218,144</b>	<b>22,595,724</b>

## PDS MULTINATIONAL FZCO

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Notes to the financial statements - for the period ended March 31, 2024

### 12 Share Capital

Authorized, issued and paid up capital of the Company is AED 42,305,000/- divided into 42,305 shares of AED 1,000/- each. The name of the shareholder and his contribution in the capital is as follows:

<u>Name of shareholder</u>	<u>Nationality</u>	<u>Percentage</u>	<u>No. of shares</u>	<u>Capital</u>
Multinational Textile Group Limited	Registered in Mauritius	100%	42,305	42,305,000

(figures in AED)

### 13 Retained Earnings

	<u>01.04.2023 to 31.03.2024</u>	<u>01.04.2022 to 31.03.2023</u>
Balance at the beginning of the Period	20,570,839	6,541,142
Profit/(Loss) for the Period	48,545,330	38,214,007
Retained Earning from investment during the year	1,321,394	758,499
Dividend Paid During the period	(9,909,000)	(10,183,869)
NCI share	(18,331,765)	(14,758,940)
Balance at the end of the Period	<u><u>42,196,798</u></u>	<u><u>20,570,839</u></u>

### 14 Loan and Factoring

Secured Loan	38,337,612	19,399,033
HSBC Factoring	68,197,468	39,770,798
	<u><u>106,535,080</u></u>	<u><u>59,169,831</u></u>

### 15 Lease Liability

Opening Balance	2,476,845	784,655
Additions	170,788	2,260,244
Finance Cost	23,330	239,094
Payments	(1,019,960)	(807,148)
Closing Balance	<u><u>1,651,003</u></u>	<u><u>2,476,845</u></u>
Current Lease Liability	648,196	910,699
Non- Current Lease Liability	1,002,807	1,566,146

### 16 Trade & Other Payables

Trade Payables	96,538,215	50,478,396
Audit fees Payable	198,395	116,216
Other Payables	5,495,908	1,218,765
VAT Payable	755,881	47,672
	<u><u>102,988,399</u></u>	<u><u>51,861,049</u></u>

## PDS MULTINATIONAL FZCO

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Notes to the financial statements - for the period ended March 31, 2024

### 17 Related Party Disclosure

Related party represents associated companies, major shareholders, Directors and key management personnel of the company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the company's management.

Transactions with related party included in the Financial statements are as follows:

	As on 31.03.2024	As on 31.03.2023
<b>Amount due from related parties</b>		
Clover Collection Limited	18,207,725	-
Design Arc UK Ltd	412	-
Good Earth Lifestyle Limited	25,508	-
Multinational Textile Group Limited	14,766,774	-
New Lobster Limited	1,361,314	-
Poeticgem Limited	2,017,535	-
Progress Manufacturing HK Ltd	88,248	-
Simple Approach Limited	37,687	-
Clover Collections Ltd	-	16,162,183
Twins Asia FZCO	-	5,081,518
Spring Near East Fzco	-	3,300,341
	<b>36,505,203</b>	<b>24,544,042</b>
	As on 31.03.2024	As on 31.03.2023
<b>Amount due to related parties</b>		
Green Apparel	-	4,896,863
Design Arc UK Ltd	885,107	238,785
Norwest	420,626	294
Poeticgem Limited	-	11,221,242
PDS Fashion Ltd	1,459,146	583,989
Poeticgem International Ltd.	11,800,742	5,765,030
Design Arc Asia Limited	2,128,600	-
GoodEarth Apparels Limited	10,542,585	-
Multinational Textile Group Limited	-	455,780
PDS Brands Manufacturing Limited	188,271	-
PDS Tailoring Limited	553,348	-
PDS Limited	2,082,997	-
PDS Sourcing Limited	14,483	-
SKOPE Apparels FZCO	91,420	-
Poetic Brands Limited	168,325	-
Progress Apparels (Bangladesh) Limited	4,383,698	-
Spring Near East FZCO	1,207,354	-
Twins Asia Limited	3,544,298	-
	<b>39,471,000</b>	<b>23,161,983</b>

## PDS MULTINATIONAL FZCO

Office No. 308, Building 5WA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Notes to the financial statements - for the period ended March 31, 2024

	01.04.2023 to 31.03.2024	01.04.2022 to 31.03.2023
<b>18 Revenue</b>		
Revenue-Sales	862,789,360	651,464,049
Revenue-Service	16,587,467	2,774,943
Commission Income	13,736,893	10,658,986
	<b>893,113,720</b>	<b>664,897,978</b>
<b>19 Cost of Revenue</b>		
Cost of Goods Sold	740,404,009	568,743,135
	<b>740,404,009</b>	<b>568,743,135</b>
<b>20 Other Income</b>		
Penalties on supplies	338,337	1,723,944
Claim on supplies	7,273,284	726,977
Forex gain	129,348	1,278,957
Miscellaneous income	2,908,054	480,534
Dividend Income	225,818	-
	<b>10,874,841</b>	<b>4,210,412</b>
<b>21 General &amp; Administrative Expenses</b>		
Administration Charges	3,953,926	911,520
Discount on supplies	5,384,686	7,390,736
Business Promotion Exp	41,173,908	22,937,839
Commission Expense	1,737,853	1,027,204
Director Remuneration	1,862,525	1,835,000
Salaries and Staff Welfare Expense	44,677,437	24,495,056
Insurance Exp	421,193	6,613
Legal & Professional Charges	6,033,043	839,017
License Expense	370,950	165,432
Office Expenses	1,426,839	605,199
Rent Expense	670,034	80,689
Repairs & Maintenance	112,258	45,338
Travelling Exp	1,508,731	567,676
Selling & Distribution	1,238,217	188,520
Telecommunication exp	105,754	87,048
Visa Expenses	78,372	56,502
	<b>110,755,726</b>	<b>61,239,389</b>
<b>22 Finance Cost</b>		
Bank Charges & Interest	3,470,374	1,205,441
	<b>3,470,374</b>	<b>1,205,441</b>

## PDS MULTINATIONAL FZCO

Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates

Consolidated Notes to the financial statements - for the period ended March 31, 2024

### 23 RISK MANAGEMENT

#### 23.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or the counterparty to the financial instrument fails to meet its contractual obligation. The Company is exposure to credit risk is concentrated on bank balance, trade receivables, loans & advances and deposits.

The company's bank accounts are with local branches of banks operating in the U.A.E. Trade receivables are stated at realizable value net of allowance and bad debts. Deposits with government departments are refundable and secured.

#### 23.2 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### a. Interest rate risk

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

##### b. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

#### 23.3 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Fair values

At the balance sheet date, the fair values of financial assets and liabilities at year end approximate to their carrying amounts and have been very carefully scrutinized by the management for their correctness.

### 24 COMPARATIVE FIGURES

The fiscal period covers the period of 12 months from April 1, 2023 to March 31, 2024. The previous year covers the period of 12 months from April 1, 2022 to March 31, 2023. The previous year figures might be regrouped, rearranged or reclassified.

### 25 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and signed by the shareholder on May 10, 2024

The attached notes form an integral part of these accounts.  
Auditors report is annexed hereto.

FOR PDS MULTINATIONAL FZCO

Mr. Rahul Khetry  
Authorized Signatory



PDS MULTINATIONAL FZCO  
Office No. 308, Building SWA, Dubai Airport Free Zone, Dubai, United Arab Emirates  
Consolidated Statement of Financial Position as at March 31, 2024

4 Property, Plant and Equipment

	Office Equipment	Furniture & Fixtures	II Equipments	Motor Vehicles	Leasehold Building	Computer Software	Total
Cost :							
As at March 31, 2022	12,888	1,418					14,306
Additions during the period	108,897	241,503	212,917			589,549	1,152,866
		(6,133)					(6,133)
As at March 31, 2023	121,785	236,788	212,917			589,549	1,161,039
Additions during the period	64,273	350,847	37,180	1,222,263	252,274	84,897	2,006,719
Sale of Asset							
As at March 31, 2024	186,058	587,625	245,097	1,222,263	252,274	674,441	3,167,758
As at March 31, 2022	3,072	39					3,111
Depreciation during the period	17,678	22,465	22,605			15,117	77,865
As at March 31, 2023	20,750	22,504	22,605			15,117	80,976
Depreciation during the period	40,363	65,756	83,683	138,256	54,374	204,941	509,375
As at March 31, 2024	61,113	88,260	106,288	138,256	54,374	220,060	670,351
Net Book Value							
As at March 31, 2024	124,945	499,365	138,809	1,084,007	197,900	454,381	2,407,407
As at March 31, 2023	101,035	214,285	190,312			574,432	1,080,063

FOR PDS MULTINATIONAL FZCO

*Rahul Khetry*

Mr. Rahul Khetry  
Authorized Signatory



**Company registration number 11446095 (England and Wales)**

**PDS FASHIONS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# PDS FASHIONS LIMITED

## COMPANY INFORMATION

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### Directors

Mr Pallak Seth  
Mr Abhishekh  
Kanoi  
Mr Manish Kumar  
Arora  
Mr Roland Seregi

### Company number

11446095

### Registered office

Quadrant House - Floor 6  
4 Thomas More Square  
London  
E1W 1YW

### Auditor

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# PDS FASHIONS LIMITED

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# **PDS FASHIONS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company is the provision of management and consultancy services.

#### **Results and dividends**

The results for the year are set out on page 7.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Pallak Seth

Mr Abhishekh Kanoi

Mr Ashish Gupta

(Resigned 10 April 2023)

Mr Manish Kumar Arora

Mr Roland Seregi

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **PDS FASHIONS LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small company exemptions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

*Roland Seregi*

.....  
Mr Roland Seregi

**Director**

Date: 12/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PDS FASHIONS LIMITED

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### Opinion

We have audited the financial statements of PDS Fashions Limited (the 'company') for the year ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PDS FASHIONS LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PDS FASHIONS LIMITED**

---

#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF PDS FASHIONS LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 12/05/2024  
.....

**Chartered Accountants**  
**Statutory Auditor**

**PDS FASHIONS LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>3</b>	8,031,649	1,539,052
Administrative expenses		(8,902,780)	(1,870,013)
Other operating income		327,672	314,547
		<hr/>	<hr/>
<b>Operating loss</b>	<b>4</b>	(543,459)	(16,414)
Investment income	<b>7</b>	6,143	-
Finance costs	<b>8</b>	(52,241)	(39,420)
		<hr/>	<hr/>
<b>Loss before taxation</b>		(589,557)	(55,834)
Tax on loss		-	-
		<hr/>	<hr/>
<b>Loss and total comprehensive income for the financial year</b>		<u>(589,557)</u>	<u>(55,834)</u>

The income statement has been prepared on the basis that all operations are continuing operations.

**PDS FASHIONS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2024**

	Notes	2024 £	£	2023 £	£
<b>Non-current assets</b>					
Intangible assets	9		678		1,259
Property, plant and equipment	10		599,383		435,624
Investment property	11		9,149,579		-
			<u>9,749,640</u>		<u>436,883</u>
<b>Current assets</b>					
Trade and other receivables	12	2,262,005		1,485,017	
Cash and cash equivalents		113,065		141,222	
		<u>2,375,070</u>		<u>1,626,239</u>	
<b>Current liabilities</b>	13	(12,169,164)		(1,747,568)	
<b>Net current liabilities</b>			<u>(9,794,094)</u>		<u>(121,329)</u>
<b>Total assets less current liabilities</b>			<u>(44,454)</u>		<u>315,554</u>
<b>Non-current liabilities</b>	13		(325,185)		(143,477)
<b>Net (liabilities)/assets</b>			<u><u>(369,639)</u></u>		<u><u>172,077</u></u>
<b>Equity</b>					
Called up share capital	19		875,000		875,000
Share-based payment reserves	20		119,981		72,140
Retained earnings			(1,364,620)		(775,063)
<b>Total equity</b>			<u><u>(369,639)</u></u>		<u><u>172,077</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 12/05/2024 and are signed on its behalf by:

*Roland Seregi*

Mr Roland Seregi

**Director**

Company registration number 11446095 (England and Wales)

**PDS FASHIONS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

	Share capital	Share- based payment reserves	Retained earnings	Total
	£	£	£	£
<b>Balance at 1 April 2022</b>	875,000	5,917	(719,229)	161,688
<b>Year ended 31 March 2023:</b>				
Loss and total comprehensive income	-	-	(55,834)	(55,834)
Transactions with owners:				
Transfer to other reserves	-	66,223	-	66,223
<b>Balance at 31 March 2023</b>	875,000	72,140	(775,063)	172,077
<b>Year ended 31 March 2024:</b>				
Loss and total comprehensive income	-	-	(589,557)	(589,557)
Transactions with owners:				
Transfer to other reserves	-	47,841	-	47,841
<b>Balance at 31 March 2024</b>	875,000	119,981	(1,364,620)	(369,639)

**PDS FASHIONS LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	2024 £	£	2023 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	24	9,467,449		212,877	
Interest paid		(52,241)		(39,420)	
<b>Net cash inflow from operating activities</b>		9,415,208		173,457	
<b>Investing activities</b>					
Purchase of property, plant and equipment		(49,241)		(32,667)	
Purchase of investment property		(9,149,579)		-	
Interest received		6,143		-	
<b>Net cash used in investing activities</b>		(9,192,677)		(32,667)	
<b>Financing activities</b>					
Payment of lease liabilities		(250,708)		(230,415)	
<b>Net cash used in financing activities</b>		(250,708)		(230,415)	
<b>Net decrease in cash and cash equivalents</b>		(28,177)		(89,625)	
Cash and cash equivalents at beginning of year		141,222		230,847	
Cash and cash equivalents at end of year		113,045		141,222	
<b>Relating to:</b>					
Bank balances and short term deposits		113,065		141,222	
Bank overdrafts		(20)		-	

# **PDS FASHIONS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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#### **1 Accounting policies**

##### **Company information**

PDS Fashions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### **1.1 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- a reconciliation of the number and weighted average exercise prices of share options, how the fair value of share-based payments was determined and their effect on profit or loss and the financial position;
- for financial instruments and investment property measured at fair value and within the scope of IFRS 13, the valuation techniques and inputs used to measure fair value, the effect of fair value measurements with significant unobservable inputs on the result for the period and the impact of credit risk on the fair value; and
- related party disclosures for transactions with the parent or wholly owned members of the group.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 23.

##### **1.2 Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due.

##### **1.3 Revenue**

Revenue is measured at the fair value of the management charges received or receivable.

# PDS FASHIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### 1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- Software - 3 years straight line
- Patents & licenses - 3 years straight line

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the term of the lease
Leasehold Improvements	5 years straight line
Fixtures and fittings	3 years straight line
Computers	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. The surplus or deficit on revaluation is recognised in profit or loss.

##### 1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

**1 Accounting policies**

**(Continued)**

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

***Financial assets held at amortised cost***

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

**1 Accounting policies**

**(Continued)**

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1 Accounting policies**

**(Continued)**

**1.13 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.14 Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the black scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The ultimate parent company PDS Limited has issued share options to certain directors and employees. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black - Scholes option pricing model. The fair value will be charged as an expense in the profit or loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

**1.15 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

**1 Accounting policies**

**(Continued)**

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

**1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

# PDS FASHIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

#### Key sources of estimation uncertainty

##### Valuations of lease liability & right-of-use asset

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

##### Share-based payments

The Group operates an employee compensation scheme, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgement in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period.

These assumptions include the future volatility of the Parent's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards, and hence the charge made in the income statement, could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 12. The Group uses a professional valuer in the determination of the fair value of options at grant date.

#### 3 Revenue

	2024	2023
	£	£
<b>Revenue analysed by class of business</b>		
Recharges to group companies	8,031,649	1,539,052

**PDS FASHIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4 Operating loss**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Operating loss for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(222,046)	7,052
Fees payable to the company's auditor for the audit of the company's financial statements	13,750	10,000
Depreciation of property, plant and equipment	327,436	255,162
Amortisation of intangible assets (included within administrative expenses)	581	1,336
Share-based payments	47,841	66,223
	<u>          </u>	<u>          </u>

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

<b>2024</b>	<b>2023</b>
<b>Number</b>	<b>Number</b>
93	17
<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	5,861,722	979,302
Social security costs	702,493	116,576
Pension costs	244,332	11,707
	<u>          </u>	<u>          </u>
	6,808,547	1,107,585
	<u>          </u>	<u>          </u>

**6 Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	447,041	227,642
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2023 - 1).

**PDS FASHIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**6 Directors' remuneration**

**(Continued)**

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	436,263	226,861
Company pension contributions to defined contribution schemes	1,321	781

**7 Investment income**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Other interest income	6,143	-

**8 Finance costs**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	26,130	20,567
Interest on lease liabilities	24,762	18,853
Interest on other loans	1,349	-
	52,241	39,420

**9 Intangible fixed assets**

	<b>Software</b>	<b>Patents &amp; licences</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 31 March 2023	12,655	2,905	15,560
At 31 March 2024	12,655	2,905	15,560

**PDS FASHIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**9 Intangible fixed assets**

**(Continued)**

	Software	Patents & licences	Total
	£	£	£
<b>Amortisation and impairment</b>			
At 31 March 2023	12,655	1,646	14,301
Charge for the year	-	581	581
At 31 March 2024	12,655	2,227	14,882
<b>Carrying amount</b>			
At 31 March 2024	-	678	678
At 31 March 2023	-	1,259	1,259

**10 Property, plant and equipment**

	Leasehold land and buildings	Leasehold Improvements	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2023	899,225	155,254	31,314	31,977	1,117,770
Additions	441,954	-	-	49,241	491,195
At 31 March 2024	1,341,179	155,254	31,314	81,218	1,608,965
<b>Accumulated depreciation and impairment</b>					
At 1 April 2023	524,425	126,778	25,750	5,193	682,146
Charge for the year	275,418	27,820	4,881	19,317	327,436
At 31 March 2024	799,843	154,598	30,631	24,510	1,009,582
<b>Carrying amount</b>					
At 31 March 2024	541,336	656	683	56,708	599,383
At 31 March 2023	374,800	28,476	5,564	26,784	435,624

**PDS FASHIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**10 Property, plant and equipment**

**(Continued)**

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Net values at the year end</b>		
Property	541,336	374,800
	<u>          </u>	<u>          </u>
<b>Total additions in the year</b>	441,954	314,635
	<u>          </u>	<u>          </u>
<b>Depreciation charge for the year</b>		
Property	275,418	212,923
	<u>          </u>	<u>          </u>

**11 Investment property**

	<b>2024</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2023	-
Additions through acquisition	9,149,579
	<u>          </u>
At 31 March 2024	9,149,579
	<u>          </u>

**12 Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
VAT recoverable	78,511	57,814
Amounts owed by fellow group undertakings	1,620,175	1,137,674
Other receivables	434,302	102,538
Prepayments and accrued income	129,017	186,991
	<u>          </u>	<u>          </u>
	2,262,005	1,485,017
	<u>          </u>	<u>          </u>

**PDS FASHIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**13 Liabilities**

		<b>Current</b>		<b>Non-current</b>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Borrowings	<b>14</b>	20	-	-	-
Trade and other payables	<b>15</b>	11,731,646	1,375,503	-	-
Taxation and social security		189,689	133,794	-	-
Lease liabilities	<b>16</b>	247,809	238,271	325,185	143,477
		<u>12,169,164</u>	<u>1,747,568</u>	<u>325,185</u>	<u>143,477</u>

**14 Borrowings**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Borrowings held at amortised cost:</b>		
Bank overdrafts	20	-

**15 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade payables	186,495	269,042
Amount owed to parent undertaking	1,043,051	1,043,051
Amounts owed to fellow group undertakings	10,363,555	-
Accruals and deferred income	79,380	53,150
Other payables	59,165	10,260
	<u>11,731,646</u>	<u>1,375,503</u>

**16 Lease liabilities**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Maturity analysis</b>		
Within one year	272,571	257,125
In two to five years	341,949	143,476
	<u>614,520</u>	<u>400,601</u>
Total undiscounted liabilities	614,520	400,601
Future finance charges and other adjustments	(41,526)	(18,853)
	<u>572,994</u>	<u>381,748</u>

Lease liabilities in the financial statements

**PDS FASHIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****16 Lease liabilities****(Continued)**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Current liabilities	247,809	238,271
Non-current liabilities	325,185	143,477
	<u>572,994</u>	<u>381,748</u>

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>24,762</u>	<u>18,853</u>

Other leasing information is included in note 21.

**17 Retirement benefit schemes**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>244,332</u>	<u>11,047</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**18 Share-based payments****Expenses**

Related to equity settled share based payments	<u>47,841</u>	<u>66,223</u>
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# PDS FASHIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 18 Share-based payments

(Continued)

Share options were granted to the employees of the company on 22/10/2021. There are performance conditions attached to these options. Options granted under this plan vest as follows;

- 25% of the options vest at the end of 1st year from the date of Grant,
- 25% of the options vest at the end of 2nd year from the date of Grant,
- 25% of the options vest at the end of 3rd year from the date of Grant,
- 25% of the options vest at the end of 4th year from the date of Grant,

Exercise of an option is subject to continuous employment and fulfilling the conditions as set out in the grant letter.

Options were valued used the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculations are as follows;

Grant date	22/10/2021
Share price at grant date	INR 273.80
Exercise price	INR 219.00
Number of employees	4
Shares under option	35,000
Vesting period (years)	4
Option life (years)	4
Expected life (years)	4
Fair value per option:	
Year 1	INR 94.80
Year 2	INR 107.00
Year 3	INR 117.20
Year 4	INR 125.20

The exercise price, and hence the fair value, of the options is denominated in INR and has been translated in the table above at the exchange rate on the date of grant being INR 103.194 = £1.

#### 19 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	875,000	875,000	875,000	875,000

#### 20 Share-based payment reserves

	2024	2023
	£	£
At the beginning of the year	72,140	5,917
Additions	47,841	66,223
At the end of the year	119,981	72,140

# PDS FASHIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 21 Other leasing information

#### Lessee

The amounts included in the column below relate to the service charge expenses.

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2024	2023
	£	£
Expense relating to short-term leases	56,498	-
	<u>          </u>	<u>          </u>

Information relating to lease liabilities is included in note 16.

### 22 Related party transactions

## PDS FASHIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 22 Related party transactions

(Continued)

During the year to 31 March 2024, the company received £84,000 (2023: £84,000) rental income from Poeticgem Limited. At 31 March 2024, the company owed Poeticgem Limited, £62,330 (2023: £13,517).

During the year to 31 March 2024, the company received £84,000 (2023: £84,000) rental income from Design Arc UK Limited.

At 31 March 2024, the company was owed £40,069 (2023: £nil) by PDS Lifestyle FZCO.

At 31 March 2024, the company was owed £46,355 (2023: £20,742) by Norlanka Limited.

At 31 March 2024, the company was owed £930 (2023: £11,655) by PDS Asia Star Corporation Limited.

At 31 March 2024, the company was owed £190,232 (2023: £149,815) Simple Approach HK Limited.

At 31 March 2024, the company was owed £83,934 (2023: £53,894) by Spring Near East Limited.

At 31 March 2024, the company was owed £3,263 (2023: £18,467) by Zamira Fashions Limited.

At 31 March 2024, the company was owed £8,859 (2023: £31,875) by Brand Collective Corporation Ltd.

At 31 March 2024, the company was owes £357 (2023: owed £34,901) from Clover Collections Ltd.

At 31 March 2024, the company was owed £875 (2023: £nil) by Green Smart Shirts Limited.

At 31 March 2024, the company was owed £nil (2023: £344,855) by Norwest industries Limited.

At 31 March 2024, the company was owed £106,914 (2023: £41,938) by PDS Tailoring Limited.

At 31 March 2024, the company was owed £7,950 (2023: £1,350) by Poetic Brands Ltd.

At 31 March 2024, the company was owed £1,067,559 (2023: £1,041,429) by PDS Sourcing Limited.

At 31 March 2024, the company was owed £33,527 (2023: £nil) by Progressive Crusade Lda.

At 31 March 2024, the company was owed £465,232 (2023: £307,685) by PDS Ltd.

At 31 March 2024, the company was owed £4,500 (2023: £875) by Progress Manufacturing Group Limited.

At 31 March 2024, the company was owed £55,963 (2023: £28,043) by PDS Ventures Limited.

At 31 March 2024, the company was owed £7,500 (2023: £nil) by Krayons Sourcing Limited.

At 31 March 2024, the company was owed £5,400 (2023: £nil) by Moda & Beyond Limited.

At 31 March 2024, the company was owed £202,146 (2023: £nil) by Nodes Studio Lda.

At 31 March 2024, the company was owed £333,808 (2023: £nil) by PDS Radius Brands FZCO.

## PDS FASHIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 22 Related party transactions

(Continued)

At 31 March 2024, the company was owed £4,500 (2023: £nil) by Sourcing Solutions Limited.

At 31 March 2024, the company was owed £4,500 (2023: £nil) by Techno Design HK Limited.

At 31 March 2024, the company was owed £13,359 (2023: £nil) by Wonderwall (F.E.) Limited.

At 31 March 2024, the company owed Casa Collective Limited £96.

At 31 March 2024, the company owed Collaborative Sourcing Services FZCO £34,478.

At 31 March 2024, the company owed Norwest Industries Limited £10,242,142.

All the above entities are part of the same group.

#### 23 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius. The ultimate parent company is PDS Limited, a company registered in India.

PDS Limited, prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited, is listed on the BSE and National Stock Exchange in India.

#### 24 Cash generated from operations

	2024 £	2023 £
Loss for the year before income tax	(589,557)	(55,834)
<b>Adjustments for:</b>		
Finance costs	52,241	39,420
Investment income	(6,143)	-
Amortisation and impairment of intangible assets	581	1,336
Depreciation and impairment of property, plant and equipment	327,436	255,162
Equity settled share based payment expense	47,841	66,223
<b>Movements in working capital:</b>		
Increase in trade and other receivables	(776,988)	(1,082,862)
Increase in trade and other payables	10,412,038	989,432
<b>Cash generated from operations</b>	<b>9,467,449</b>	<b>212,877</b>

**PDS FASHIONS LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**PDS FASHIONS LIMITED****DETAILED INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2024**

	2024 £	2024 £	2023 £	2023 £
<b>Revenue</b>				
Sales of services		8,031,649		1,539,052
<b>Other operating income</b>				
Rent receivable from group companies	327,665		314,547	
Sundry income	7		-	
	<u>          </u>	327,672	<u>          </u>	314,547
<b>Administrative expenses</b>		(8,902,780)		(1,870,013)
<b>Operating loss</b>		<u>(543,459)</u>		<u>(16,414)</u>
<b>Investment revenues</b>				
Other interest received	6,143		-	
	<u>          </u>	6,143	<u>          </u>	-
<b>Finance costs</b>				
Bank interest on loans and overdrafts	26,130		20,567	
Finance lease interest payable	24,762		18,853	
Other interest payable	1,349		-	
	<u>          </u>	(52,241)	<u>          </u>	(39,420)
<b>Loss before taxation</b>	7.34%	<u><u>(589,557)</u></u>	3.63%	<u><u>(55,834)</u></u>

**PDS FASHIONS LIMITED**

**SCHEDULES TO THE INCOME STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2024**

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<b>2024</b>	<b>2023</b>
<b>£</b>	<b>£</b>

**PDS FASHIONS LIMITED****SCHEDULES TO THE INCOME STATEMENT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Wages and salaries	5,503,492	763,079
Social security costs	692,474	96,201
Staff recruitment costs	80,303	55,932
Staff welfare	97,207	43,225
Staff training	20,203	350
Staff pension costs defined contribution	244,332	11,047
Equity settled share based payment costs	47,841	66,223
Directors' remuneration	310,389	150,000
Directors' social security costs	10,019	20,375
Directors' defined benefit scheme (allocation)	-	660
Management charge - group	8,411	-
Rent re operating leases	21,505	-
Rates	75,889	43,265
Cleaning	9,593	10,413
Power, light and heat	4,506	5,956
Property repairs and maintenance	77,657	35,800
Premises insurance	640	2,305
Software costs	3,274	-
Leasing - motor vehicles	34,993	-
Motor running expenses	6,425	133
Travelling expenses	545,023	187,407
Postage, courier and delivery charges	6,079	2,021
Professional subscriptions	4,338	10,760
Legal and professional fees	162,433	13,195
Consultancy fees	172,360	8,492
Audit fees	13,750	10,000
Charitable donations	97,663	500
Bank charges	23,163	973
Insurances (not premises)	5,299	6,152
Printing and stationery	7,813	272
Advertising	111,064	-
Promotions and exhibitions	3,226	-
Telecommunications	4,653	2,072
Other office supplies	11,104	6,710
Entertaining	2,678	6,973
Sundry expenses	(152)	8,103
Car hire/ parking charges	13,571	1,739
Hotel Expenses	76,602	36,130
Amortisation	581	1,336
Depreciation	327,436	255,162
Profit or loss on foreign exchange	(222,046)	7,052
Irrecoverable foriegn tax	286,989	-

**PDS FASHIONS LIMITED**

**SCHEDULES TO THE INCOME STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

---

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
	8,902,780	1,870,013
	<u>8,902,780</u>	<u>1,870,013</u>

**PDS Fashions Limited**  
**Quadrant House – Floor 6, 4 Thomas More Square**  
**London, E1W 1YW**

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London E1W 1YW

Dear Sirs,

**Representations in respect of PDS Fashions Limited financial statements for the year ended 31 March 2024.**

We acknowledge as directors, and confirm that we have fulfilled, our responsibility for the preparation of the financial statements for the year ended 31 March 2024 that show a true and fair view and are in accordance with Financial Reporting Standard 101 and as applied in accordance with the provisions of the Companies Act 2006.

We also acknowledge as directors our responsibility for the design and implementation of internal controls to prevent and detect both error and fraud.

We confirm to the best of our knowledge and belief and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the year ended 31 March 2024.

**1. Completeness of audit information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Specifically, we confirm that

- All accounting records have been made available to you for the purpose of your audit.
- All other records and related information, including minutes of all shareholders' in addition, board meetings in the period 1 April 2023 to date have been made available to you.

**2. Completeness of accounting records and financial statements.**

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records, and in the financial statements.

**3. Significant assumptions, judgments and intentions**

We have no plans or intentions that would, if taken into account, materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Aside from normal commercial constraints, we are not aware of any factors that will significantly reduce the likelihood of the company achieving those of its plans or intentions that are material to the determination of the carrying value or classification of assets and liabilities reflected in the financial statements.

In view of the working capital and net asset deficiency, the parent company has confirmed that it will continue to provide financial support to enable the company to pay its debts as they fall due for the foreseeable future.

All transactions with related parties are considered to be at arm's length.

We have purchased an investment property, which requires building work before it will be available to letting and hence, therefore, we have capitalised in the interest paid on the loan for the purchase of investment property.

The company has incurred withholding tax in India and Head Office has confirmed that this sum is not recoverable and therefore to be shown as part of the company's operating expenses.

**4. Unadjusted errors in the financial statements**

We consider that the errors identified by you and set out on the attached summary are immaterial individually and in aggregate and accordingly that no adjustment to the financial statements is required.

5. **Compliance with fundamental statutory or regulatory obligations**

We are not aware of any significant instances of actual or possible non-compliance with these obligations.

6. **Significant agreements**

We have disclosed to you all the agreements and commitments (and any related side letters) that the company has entered into that could have a material impact on the amounts or disclosures included in the financial statements or are relevant to an assessment of whether the company remains a going concern.

We are not aware of any instances of non-compliance with our contractual obligations, which could have a material effect on the financial statements.

Further, we confirm the following:

- Sales of £8,031,649 represent the total value of management recharges receivable from group companies by the Company, for the year ended 31 March 2024.
- The amount due from related group entities of £1,620,175 is fully recoverable and we are not aware of any disputes on this balance.

7. **Going Concern**

In our opinion, the company will have sufficient resources to meet its liabilities as they fall due for the reasonably foreseeable future and is therefore a going concern. In forming this conclusion, we have expressly considered the period of at least 12 months from the date of approval of the financial statements. In addition, group companies have agreed to provide financial support if required to enable all UK companies to continue trading and to pay their debts as they fall due.

We are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue as a going concern.

8. **Contingent liabilities (including litigation or claims against the company) and events arising subsequent to the balance sheet date**

All material contingencies (including all known, actual or potential litigation or claims against the company) that are more likely than not to result in a loss to the company have been provided for in the financial statements.

Except for matters for which there is only a remote possibility of occurrence, the company is not affected by any such contingency which existed at the balance sheet date and which could possibly result in material loss to the company.

There have been no events since the balance sheet date, which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any such events occur, we will advise you accordingly.

**9. Transactions with and interests of the directors**

We acknowledge that the company's financial statements are required by the Companies Act 2006 and the applicable accounting standard to include specified disclosure of the nature, extent and amount of its transactions that are with, or for the benefit of, any of its directors (or, in certain circumstances, members of their families and trusts, partnerships and other companies in which they have an interest).

We have identified and discussed with you all the transactions of the company with its directors and their connected persons. Consequent upon these procedures, we are able to make the following representation.

The company has at no time during the year granted any advances or credits to, nor entered into any guarantees of any kind on behalf of its directors or persons connected with them except as disclosed in the financial statements.

Apart from remuneration arrangements, the company has had at no time during the year entered into any other transactions with its directors or persons connected with them except as disclosed in the financial statements and except for transactions that are immaterial to both the directors (and any relevant connected person) and the group's financial statements.

**10. Related parties other than the directors**

We acknowledge that, subject to certain specific exemptions, the company's financial statements are required to disclose comprehensive details of transactions and relationships with its "related parties" in order to give a true and fair view. Accordingly we confirm that:

- a) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware; and
- b) We have properly accounted for and disclosed all such relationships and transactions in the financial statements.

In making that confirmation we acknowledge:

- a) the following broad definition of related parties, being: those individuals, companies and other entities connected or linked with the company or its directors in such a way as to make feasible the negotiation of mutual contracts on a non-arms length basis; and
- b) the formal definitions of "related parties" given in the applicable accounting standard.

For the avoidance of doubt, we confirm that these additional related parties are those confirmed to us by you during our planning of this engagement.

**11. Control of the company**

So far as we are aware, the ultimate control of the company rests with PDS Limited at the balance sheet date.

**12. Risks, occurrences and allegations of fraud**

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Our assessment was conveyed to you on our behalf by Bhavesh,

We are not aware of any fraud (or suspected fraud) affecting the company involving:

- the directors; or
- senior management and other employees that have significant roles in internal control; or
- others where the fraud (or suspected fraud) could have a material effect on the financial statements.

We are not aware of any allegations of fraud (or suspected fraud) affecting the company's financial statements communicated by employees, former employees, regulators or others.

Yours faithfully,

*Roland Seregi*

.....  
**Mr R Seregi**

**Director**

12/05/2024

Potential Journals - schedule of unadjusted errors  
Accounting period ended 31/03/2024

Printed by: MHL1                      Date:  
Reviewed by:                              Date:

Number	Code	Client code	Name	Journal type	WP Ref.	Profit and loss account		Balance sheet		Profit rec.
						Dr.	Cr.	Dr.	Cr.	
			Loss per financial accounts							( 589,556.83)
30	3060		Staff welfare Being Jnl to write off Fairfx prepaid card difference	Adjusting journal	J.20	39,618.63				( 39,618.63)
30	7433		Other debtors Being Jnl to write off Fairfx prepaid card difference Error in fact	Adjusting journal	J.20				-39,618.63	
			Loss if above adjustments were made							( 629,175.46)
			Profit adjustment not made							
			Percentage of profit							
			Performance materiality (Calculated £97,875)							
			Performance materiality (Calculated £97,875)							
			Level below which considered trivial							

**PDS FASHIONS LTD**  
**("the Company")**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS** held on 12<sup>th</sup> May 2024.

Present:

R Seregi – Chairman  
A Kanoi  
M Arora  
P Seth

**1. CHAIRMAN**

Mr R Seregi was appointed as Chairman of the meeting and declared that a quorum was present.

**2. NOTICE OF THE MEETING**

Notice of the meeting was taken as read.

**3. DIRECTORS' REPORT AND ACCOUNTS**

3.1 The Directors' Report and audited Accounts for the year ended 31 March 2024 were laid before the Meeting.

3.2 IT WAS RESOLVED THAT the Directors' Report and Accounts be approved and that the Directors' Report and the Balance Sheet be signed by any one director.

**4. AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006, the Company's auditors, UHY Hacker Young LLP, will be deemed re-appointed for the financial year commencing 1 April 2024 at the conclusion of the next period for appointing auditors, no notice having been deposited under Section 488 of the Companies Act 2006.

**5. ANY OTHER BUSINESS**

There being no further business the Chairman declared the Meeting closed.

*Roland Seregi*

.....  
Chairman



## Envelope Data

Subject: PDS Fashions Ltd

Documents: PDS Fashions Ltd - FS.pdf,PDS Fashions Ltd - Minutes.pdf,Unadjusting error.PDF,PDS Fashions Ltd - LOR.pdf

Document Hash: 26250433

Envelope ID: ENV99955524-4377-DDFD-5320-FAFA

Sender: Muhammad Haider

Sent: 05/12/2024 12:02 PM UTC

Status: Completed

Status Date: 05/12/2024 13:36 PM UTC

Access Authentication: None

Email Access Code: Unchecked

Email Verification: Not enabled



## Recipients / Roles

Name / Role	Email	Type
Muhammad Haider	m.haider@uhy-uk.com	Sender
Roland Seregi	roland.seregi@pdsLtd.com	Signer
Vinod Vadgama	v.vadgama@uhy-uk.com	Signer

## Document Events

Name / Roles	Email	IP Address	Date	Event
Muhammad Haider	m.haider@uhy-uk.com	185.47.105.164	05/12/2024 12:02 PM UTC	Created
Roland Seregi	roland.seregi@pdsLtd.com	149.22.233.87	05/12/2024 13:16 PM UTC	Signed
Vinod Vadgama	v.vadgama@uhy-uk.com	185.47.105.164	05/12/2024 13:36 PM UTC	Signed
			05/12/2024 13:36 PM UTC	Status - Completed

## Signer Signatures

Signer Name / Roles	Signature	Initials
Roland Seregi		
Vinod Vadgama		

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**Auditor's Report and Audited Financial Statements**  
**of**  
**PDS Fashions Bangladesh Limited**  
**As at and for the period from 25 July 2023 to 31 March 2024**

**Independent Auditor's Report  
to the shareholders of  
PDS Fashions Bangladesh Limited**

**Opinion**

We have audited the financial statements of PDS Fashions Bangladesh Limited hereinafter referred to as "the Company" which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 25 July 2023 to 31 March 2024, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the period from 25 July 2023 to 31 March 2024 in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB bye laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

**PDS Fashions Bangladesh Limited**  
**Statement of financial position**  
**As at 31 March 2024**

<b>In Taka</b>	<b>Notes</b>	<b>31 Mar-2024</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant & equipment	-	-
<b>Current assets</b>		
Advance, deposits & prepayments	4	3,920,818
Cash and cash equivalents	5	8,318,645
<b>Total assets</b>		<b>12,239,463</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	6	1,000,000
Share money deposit	7	4,399,288
Retained earnings		(3,273,583)
<b>Total equity</b>		<b>2,125,705</b>
<b>Current liabilities</b>		
Liability for expenses	8	6,570,938
Provision for income Tax	9	3,542,820
<b>Total current liabilities</b>		<b>10,113,758</b>
<b>Total equity and liabilities</b>		<b>12,239,463</b>

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

  
**Chief Financial Officer**


  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

*As per our report of the same date*

DVC: 2409251550 AS 282187

Dated,  **25 APR 2024**  
Dhaka

  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**PDS Fashions Bangladesh Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period from 25 July 2023 to 31 March 2024**

In Taka	Notes	25 Jul 2023 to 31 Mar 2024
Service revenue	10	35,447,800
Operating & selling expenses	11	(35,104,229)
<b>Operating profit</b>		<b>343,571</b>
Financial expenses	12	(74,334)
<b>Profit before tax</b>		<b>269,237</b>
Current year tax	9	(3,542,820)
<b>Loss after tax</b>		<b>(3,273,583)</b>
Other comprehensive income for the year		-
<b>Net loss for the year</b>		<b>(3,273,583)</b>

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

  
**Chief Financial Officer**

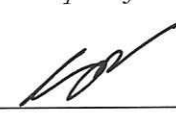
  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

*As per our report of the same date*

DVC: 2909251550 AS 282182

Dated,   
Dhaka

  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**Auditor's Report and Audited Financial Statements**  
**of**  
**PDS Fashions Bangladesh Limited**  
**As at and for the period from 25 July 2023 to 31 March 2024**

**Independent Auditor's Report  
to the shareholders of  
PDS Fashions Bangladesh Limited**

**Opinion**

We have audited the financial statements of PDS Fashions Bangladesh Limited hereinafter referred to as "the Company" which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 25 July 2023 to 31 March 2024, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the period from 25 July 2023 to 31 March 2024 in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standard on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB bye laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements of the company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.


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

#### **Report on other Legal and Regulatory Requirements**

In accordance with Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

DVC: 2409251550 AS 282187



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**Sukanta Bhattacharjee FCA**  
Enroll No. 1550  
Partner  
**Snehasish Mahmud & Co.**  
Chartered Accountants

**PDS Fashions Bangladesh Limited**  
**Statement of financial position**  
**As at 31 March 2024**

<b>In Taka</b>	<b>Notes</b>	<b>31 Mar-2024</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant & equipment	-	-
<b>Current assets</b>		
Advance, deposits & prepayments	4	3,920,818
Cash and cash equivalents	5	8,318,645
<b>Total assets</b>		<b>12,239,463</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	6	1,000,000
Share money deposit	7	4,399,288
Retained earnings		(3,273,583)
<b>Total equity</b>		<b>2,125,705</b>
<b>Current liabilities</b>		
Liability for expenses	8	6,570,938
Provision for income Tax	9	3,542,820
<b>Total current liabilities</b>		<b>10,113,758</b>
<b>Total equity and liabilities</b>		<b>12,239,463</b>

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

  
**Chief Financial Officer**


  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

*As per our report of the same date*

DVC: 2404251550 AS 282187


Dated,  **25 APR 2024**  
Dhaka

  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**PDS Fashions Bangladesh Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period from 25 July 2023 to 31 March 2024**

In Taka	Notes	25 Jul 2023 to 31 Mar 2024
Service revenue	10	35,447,800
Operating & selling expenses	11	(35,104,229)
<b>Operating profit</b>		<b>343,571</b>
Financial expenses	12	(74,334)
<b>Profit before tax</b>		<b>269,237</b>
Current year tax	9	(3,542,820)
<b>Loss after tax</b>		<b>(3,273,583)</b>
Other comprehensive income for the year		-
<b>Net loss for the year</b>		<b>(3,273,583)</b>

*The annexed notes from 1 to 15 form an integral part of these financial statements.*

  
**Chief Financial Officer**

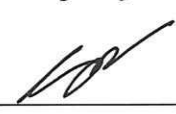
  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

*As per our report of the same date*

DVC: 2909251550 AS 282187

Dated,  25 APR 2024  
Dhaka

  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**PDS Fashions Bangladesh Limited**  
**Statement of changes in equity**  
**For the period from 25 July 2023 to 31 March 2024**

In Taka	Share capital	Share Money Deposit	Retained earnings	Total equity
<b>Balance at 25 July 2023</b>				
Share money deposit	-	5,399,288	-	5,399,288
Allocated to Share Capital	1,000,000	(1,000,000)	-	-
Net loss for the year	-	-	(3,273,583)	(3,273,583)
<b>Closing balance as at 31 March 2024</b>	<b>1,000,000</b>	<b>4,399,288</b>	<b>(3,273,583)</b>	<b>2,125,705</b>

  
**Chief Financial Officer**

  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

**Dated, 25 APR 2024**  
**Dhaka**



**PDS Fashions Bangladesh Limited**  
**Statement of Cash Flows**  
For the period from 25 July 2023 to 31 March 2024

In Taka	25 Jul 2023 to 31 Mar 2024
<b>A. Cash flows from operating activities</b>	
Net profit before tax	269,237
(Increase)/ Decrease in Advance, deposits & prepayments	(3,920,818)
Increase/(decrease) in Liability for expenses	6,570,938
<b>Net cash flows from operating activities</b>	<b>2,919,357</b>
<b>B. Cash flow from Investing activities</b>	
Acquisitions of property, plant and equipment	-
<b>Net cash flows from investing activities</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>	
Share money deposit	5,399,288
<b>Net cash flow from financing activities</b>	<b>5,399,288</b>
<b>Net increase/(Decrease) in cash and cash equivalent</b>	<b>8,318,645</b>
Opening cash and bank balances	-
<b>Closing balances as at 31 March</b>	<b>8,318,645</b>
<b>Closing balance represents</b>	
Cash in Hand	306,085
Cash at Bank	8,012,560
<b>Total cash and cash equivalents</b>	<b>8,318,645</b>

  
**Chief Financial Officer**

  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

**Dated, 25 APR 2024**  
**Dhaka**



**PDS Fashions Bangladesh Limited**

**Notes to the financial statements**

**As at and for the period from 25 July 2023 to 31 March 2024**

**1 Reporting Entity**

**1.1 Formation and legal status**

PDS Fashions Bangladesh Limited is incorporated as a private limited company in Bangladesh having its registered office in Dhaka, Bangladesh as on 25 July 2023 with incorporation number C-189840/2023 under Company's Act 1994 with its head office at Level 08, A. R. Tower, 24 Kemal Ataturk Avenue, Banani CIA, Dhaka-1213, Bangladesh.

**1.2 Nature of Business**

The principal activity of the company is to provide business support services and corporate support services to other organizations on a contractual basis, & carry on business related to the garment and fabric industry by trading, buying, selling, exporting, importing, marketing, indenters, commission agents, selling agents, distributors, broker, stockiest, merchants, wholesalers, retailers, buyers, manufacturers, general order suppliers and dealers in general merchandise, commodities, articles and goods of all description whatsoever.

**2 Basis of preparation of financial**

**2.1 Statements of compliance**

This financial statements have been prepared following accrual basis of accounting except for statement of cash flows in accordance with International Accounting Standards (IASs), International Financial Reporting Standard (IFRSs) and Companies Act 1994.

**2.2 Other regulatory compliances**

The Company is required to comply with the following major laws and regulations along with The Companies Act 1994:

The Income Tax Act, 2023

The Income Tax Rules, 2023

Value Added Tax & Supplementary Duty Act, 2012

Value Added Tax & Supplementary Duty Rules, 2016

The Customs Act, 1969

**2.3 Basis of measurement**

The financial statements of the Company have been prepared on historical cost following the accrual basis on accounting.

**2.4 Functional and presentation currency**

These financial statements are prepared in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer unless otherwise indicated.

**2.5 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.



## **2.6 Going concern**

In adopting the going concern basis for preparing financial statements, the directors have considered the business activities as well as business principal risks and uncertainties. The Board is satisfied that the business will be able to operate within the level of its facilities for the foreseeable future. All local and overseas projects in hand of the company are progressing smoothly. Furthermore, the company has entered into new overseas revenue contracts for the upcoming year. For this reason the business continues to adopt the going concern basis in preparing its financial statement.

## **2.7 Cash flow**

Cash Flow Statement is prepared as per International Accounting Standard (IAS-7). Cash flow from operating activities is determined for the period under indirect method.

## **2.8 Reporting period**

The company has got approval from DCT for maintaining the accounting year with parent as 01 April to 31 March dated 17 Oct 2023. These financial statements cover for the period from 25 July 2023 to 31 March 2024. Since this is the first year of the company no comparative information is available.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently in these financial statements.

### **3.1 Financial instruments**

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

#### **i) Recognition and initial measurement**

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction.

#### **ii) Classification and subsequent measurement**

On initial recognition, a financial asset is classified and measured at: amortized cost; 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 amortized 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized 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.

#### **Financial assets – Subsequent measurement and gains and losses**

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognized 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 recognized in OCI and are never reclassified to profit or loss.

Financial assets includes advances, deposits and prepayments and cash & cash equivalents.

### **3.1.1 Advances, deposits and prepayments**

Advances, deposits and prepayments at the balance sheet date are stated net of provision for amounts estimated to be doubtful of recovery.

### **3.1.2 Cash and cash equivalents**

Cash and cash equivalents include cash and cheques on hand, demand deposits with banks, and other short term highly liquid investments with original maturities of three months or less.

### **3.2 Financial liabilities**

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities include Liability for expenses.

#### **3.2.1 Liability for expenses**

A liability for expenses is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Liability is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

### **3.3 Right of Use assets and lease liabilities**

The Company is a party to rent contracts for:

Buildings- office space

The application of IFRS 16 requires an entity to assess whether a contract is, or contains, a lease at inception of a contract and shall recognize a right of use asset and a lease liability accordingly. This requires determination of contracts in scope of IFRS 16, contract term and interest rate used for discounting of future cash flows.

The company has one rental premises which has agreement period cover from 01 June 2023 to 31 May 2024. For this rental contracts, the company elected not to apply the requirements of IFRS-16 in the year ended 31 March 2024 considering that the contract as short term lease as the contract is less than one year and it is cancellable with two months notice without any penalty.

### **3.4 Taxation**

#### **Current tax**

Income tax expense is recognized in statement of comprehensive income. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 27.5%, provided that all individual receipts and/or payments exceeding BDT 5 Lakh are made through banking channel, and, the total of receipt and/or payments made through non-banking channel does not exceed BDT 36 Lakh during the year. If the aforementioned conditions are not fulfilled, in that case the corporate tax rate shall be 30%.



### 3.5 Revenue recognition

In compliance with the requirements of IFRS 15 : Revenue from contracts with customers is measured at the fair value of the consideration received or receivable.

Revenue from services rendered is recognized when invoices are raised based on the contract with customer as cost + 12% margin.

### 3.6 Foreign currency transactions

Transactions in foreign currency are translated to Bangladesh Taka at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate prevailing at that date.

### 3.7 Related party disclosures

A related party is a person or an entity that is related to the reporting entity:

(i) A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.

(ii) An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

#### Parent and ultimate controlling party

Norwest Industries Limited holds 99.99% equity shares in the Company. As a result, they are the ultimate controlling party of the Company.

### 3.8 Employee benefits

The company's employee benefits include the following:

#### Short Term Employee Benefits;

These includes employee benefits provided to employees to ensure better working conditions in line with Labour Law 2006 and its subsequent amendments. Transportation for admin and management employee, Advance against salary, Festival bonus, Leave encashment, termination benefits as per Law, etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.9 Events after reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

### 4.0 General

i) Figures in bracket denote negative.

ii) Figures have been rounded off to the nearest integer.



4	<b>Advance, deposits &amp; prepayments</b>		
	<b>In Taka</b>	<b>Notes</b>	<b>31 March 2024</b>
	Advance	4.1	3,823,818
	Deposit	4.2	90,000
	Prepayments	4.3	7,000
	<b>Total</b>		<b>3,920,818</b>
4.1	<b>Advance</b>		
	<b>In Taka</b>		<b>31 March 2024</b>
	Advance Against Salaries		276,998
	Advance against expense		4,000
	Advance income tax		3,542,820
	<b>Total</b>		<b>3,823,818</b>
4.2	<b>Deposit</b>		
	<b>In Taka</b>		<b>31 March 2024</b>
	Security Deposit-Office Rent		90,000
	<b>Total</b>		<b>90,000</b>
4.3	<b>Prepayments</b>		
	<b>In Taka</b>		<b>31 March 2024</b>
	Prepaid Rent		7,000
	<b>Total</b>		<b>7,000</b>
5	<b>Cash and cash equivalents</b>		
	<b>In Taka</b>	<b>Notes</b>	<b>31 March 2024</b>
	Cash in Hand		306,085
	Cash at Bank	5.1	8,012,560
	<b>Total</b>		<b>8,318,645</b>
5.1	<b>Cash at Bank</b>		
	<b>In Taka</b>		<b>31 March 2024</b>
	Cash at Nagad		64,271
	Cash at Bank (Commercial Bank of Ceylon)		7,948,289
	<b>Total</b>		<b>8,012,560</b>
6	<b>Share capital</b>		
	<b>In Taka</b>	<b>Notes</b>	<b>31 March 2024</b>
	<b>Authorized Capital</b>		
	Ordinary shares of Taka 100 each		10,000,000
	<b>Issued, subscribed and fully paid up</b>		
	10,000 ordinary shares @ Taka 100 each	6.1	1,000,000
6.1	<b>Shareholding position</b>		
	<b>Name of shareholders</b>	<b>No. of shares</b>	<b>% of share</b>
			<b>In Taka</b>
	Limited	9,999	99.990%
	Hasnat Khan	1	0.001%
	<b>Total</b>	<b>10,000</b>	<b>100%</b>
			<b>999,900</b>
			<b>100</b>
			<b>1,000,000</b>



**7 Share money deposit**

In Taka	31 March 2024
Opening Balance	-
Received during the period	5,399,288
Allocated to share capital	(1,000,000)
<b>Closing Balance</b>	<b>4,399,288</b>

The management of PDS Fashions Bangladesh Limited has taken a decision in the Board of Director's meeting held on 12th February 2024 for allocation of share money deposit to share capital. The submission of the return of allotment of shares (Form-XV) to the Register of Joint Stock Companies (RJSC) is under process.

**8 Liability for expenses**

In Taka	31 March 2024
Payable against expense	648,007
TDS Payable	441,436
VDS Payable	1,181,379
Salary Payable	3,622,333
Audit fees payable	115,000
Leave Encashment Payable	562,783
<b>Closing Balance</b>	<b>6,570,938</b>

**9 Provision for income Tax**

In Taka	31 March 2024
Opening balance	-
Addition during the year	3,542,820
<b>Closing Balance</b>	<b>3,542,820</b>

**10 Service revenue**

In Taka	25 Jul 2023 to 31 Mar 2024
Gross service revenue	40,764,970
Less: Value added tax	(5,317,170)
<b>Net service revenue</b>	<b>35,447,800</b>

**11 Operating & selling expenses**

In Taka	Notes	25 Jul 2023 to 31 Mar 2024
Salary and allowance	11.1	27,515,935
Insurance - Employees Health/Medical-St		1,275,591
Life Insurance Contributions-Staff		99,703
Recruitment Expenses		59,382
Club & Membership Fees		203,406
Welfare Expenses - Staff		726,886
Legal & Professional Charges		361,244
Audit fees		115,000
Rent - Office		454,250
Insurance - General		3,718
Repairs & Maintenance - Furniture & Off		60,599
Vehicle Fuel		17,508
Repairs & Maintenance - Vehicle		41,531



Housekeeping & Cleaning Expenses	185,384
Office Supplies	432,006
Printing & Stationery	155,546
Telephone Expenses	230,710
Mobile Phones Expenses	186,442
Software Expenses	9,000
Travel - Local	2,943,322
Entertainment Expenses	2,271
Government Fees	17,741
License Fees	7,054
<b>Closing Balance</b>	<b>35,104,229</b>

**11.1 Salary and allowance**

<b>In Taka</b>	<b>25 Jul 2023 to 31 Mar 2024</b>
Salaries local	23,111,642
Salaries - expatriate	3,243,549
Bonus - staff	107,943
Overtime - staff	251,865
Leave encashment	713,589
Terminal benefits	87,347
<b>Closing Balance</b>	<b>27,515,935</b>

**12 Financial expenses**

<b>In Taka</b>	<b>25 Jul 2023 to 31 Mar 2024</b>
Bank charges	51,814
Realized foreign exchange Loss	22,519
<b>Closing Balance</b>	<b>74,334</b>



### 13 Financial instruments - Fair values and risk management

See accounting policy in Note 3.1.

#### 13.1 Accounting classifications and fair values

The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

Carrying amount as at 31 March 2024

In taka	Note	Fair value hedging instruments	Mandatorily at FVTPL others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at cost	Other financial liabilities	Total amount
<b>Financial assets not measured at fair value</b>								
Advance, deposits & prepayments	4.00	-	-	-	-	3,920,818	-	3,920,818
Cash and cash equivalents	5.00	-	-	-	-	8,318,645	-	8,318,645
<b>Total</b>		-	-	-	-	<b>12,239,463</b>	-	<b>12,239,463</b>
<b>Financial liabilities not measured at fair value</b>								
Liability for expenses	8.00	-	-	-	-	-	6,570,938	6,570,938
<b>Total</b>		-	-	-	-	-	<b>6,570,938</b>	<b>6,570,938</b>

#### 13.2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk (see 13.2.1)
- Liquidity risk (see 13.2.2)
- Market risk (see 13.2.3)

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.



**14 Related Party Transactions**

The company carried out a number of transactions with related party in the normal course of business. The name of the related parties, nature of business and their value have been set out below in accordance with the provisions of IAS -24 "related party disclosure."

Name of the party	Nature of relationship	Nature of transaction	Opening balance as on 25 July 2023	Net transaction during the period	Balance as on 31 March 2024
Norwest Industries Limited	Shareholder	Share money deposit	-	4,399,288	4,399,288
		Service revenue	-	40,764,970	-
Mohammad Abul Hasnat Khan	Managing Director	Remuneration	-	3,294,199	-

**15 Number of employees**

The company has fifty six (56) employees during the period ended at 31 March 2024.



**PDS Manufacturing Limited**

**Financial statements**

**31 March 2024**

**PDS Manufacturing Limited**

**Financial statements**

*for the year ended 31 March 2024*

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## **PDS Manufacturing Limited**

### **Corporate data**

		<b>Date of appointment</b>
<b>Directors:</b>	Mr. SETH Deepak Kumar	22 March 2021
	Mr. SETH Pallak	22 March 2021
	Mr. KUREEMUN Sheik	
	Mohamad Ally Shameem	22 March 2021
	Mr. SHAH Sharmil Dhanraj	22 March 2021
	Mr. KANOI Abhishekh	09 March 2022
<b>Company secretary:</b>	Rogers Capital Corporate Services Limited 3rd Floor, Rogers House No. 5, President John Kennedy Street Port Louis Republic of Mauritius	
<b>Registered office:</b>	C/o Rogers Capital Corporate Services Limited 3rd Floor, Rogers House No. 5, President John Kennedy Street Port Louis Republic of Mauritius	
<b>Auditor:</b>	Lancasters Chartered Accountants 14 Lancaster Court Lavoquer Street Port Louis Republic of Mauritius	
<b>Banker:</b>	HSBC Bank (Mauritius) Limited Icon Ebène, Level 5, Office 1 (West Wing), Rue de l'Institut Ebène Republic of Mauritius	

## **PDS Manufacturing Limited**

### **Directors' report**

The directors are pleased to present their report together with the audited financial statements of PDS Manufacturing Limited (the "Company") for the year ended 31 March 2024.

### **Principal activity**

The Company is mainly involved in Investment Holdings activities in the manufacturing and textile industry.

### **Results and dividend**

The results for the year are shown on page 7.

The directors do not recommend the payment of a dividend for the year under review (2023: nil).

### **Statement of directors' responsibilities in respect of financial statements**

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the financial position, financial performance and cash flows 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**

Lancasters Chartered Accountants have been appointed as auditors and a resolution concerning their re-appointment will be proposed at the next annual meeting of the shareholder.

### **By order of the Board**



Director

Date: 09 MAY 2024

# Rogers Capital

**PDS Manufacturing Limited**

**Secretary's certificate**  
*for the year ended 31 March 2024*

**Secretary's certificate under Section 166 (d) of the Mauritius Companies Act**

In accordance with section 166 (d) of the Mauritius Companies Act, we certify to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies, all such returns as required of the Company for the year ended 31 March 2024.

K. Roopah

For and on behalf of **Rogers Capital Corporate Services Limited**  
**Company secretary**

09 MAY 2024  
Date: .....

**Auditor's report to member of PDS Manufacturing Limited**

***Opinion***

We have audited the financial statements of **PDS Manufacturing Limited** (the "Company") set out on pages 7 to 28 which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, 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.

**Auditor's report to member of PDS Manufacturing Limited (continued)**

***Responsibilities of the Directors for the Financial Statements***

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

## Auditor's report to member of PDS Manufacturing Limited (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

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

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

### *Other matter*

This report is made solely for the Company's member, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

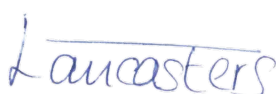
### *Report on Other Legal and Regulatory Requirements*

#### *Mauritius Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



Lancasters,  
Chartered Accountants  
14, Lancaster Court  
Lavoquer Street  
Port Louis  
Mauritius.  
Date : 09.05.2024



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

**PDS Manufacturing Limited**

**Statement of profit or loss and other comprehensive income**  
for the year ended 31 March 2024

	Note	2024 USD	2023 USD
<b>Expenses</b>			
Professional fees		9,360	9,380
Audit and accounting fees		4,350	4,500
Administration fees		2,600	3,250
License fees		2,270	2,270
Bank charges		895	1,800
Compliance fees		600	750
Disbursements		205	185
<b>Total expenses</b>		<b>20,280</b>	<b>22,135</b>
<b>Loss from operating activities</b>		<b>(20,280)</b>	<b>(22,135)</b>
Net finance income		45,694	-
<b>Profit / (loss) before taxation</b>		<b>25,414</b>	<b>(22,135)</b>
Income tax expense	7	-	-
<b>Profit / (loss) for the year</b>		<b>25,414</b>	<b>(22,135)</b>
Other comprehensive income		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>25,414</b>	<b>(22,135)</b>

The notes on pages 11 to 28 form part of these financial statements.

**PDS Manufacturing Limited**

**Statement of financial position**  
*as at 31 March 2024*

	Note	2024 USD	2023 USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	8	29,860,000	27,360,000
<b>Current assets</b>			
Other receivables	9	46,421	727
Cash and cash equivalents		16,171	405
<b>Total current assets</b>		62,592	1,132
<b>TOTAL ASSETS</b>		29,922,592	27,361,132
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	10	29,312,100	18,100,100
Share application monies	11	-	9,100,000
Accumulated losses		(7,934)	(33,348)
<b>Total equity</b>		29,304,166	27,166,752
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	12	618,426	194,380
<b>Total liabilities</b>		618,426	194,380
<b>TOTAL EQUITY AND LIABILITIES</b>		29,922,592	27,361,132

The financial statements have been approved by the Board of Directors on .....09 MAY 2024.....  
and signed on its behalf by:

  
.....  
Director

  
.....  
Director

The notes on pages 11 to 28 form part of these financial statements.

**PDS Manufacturing Limited**

**Statement of changes in equity**  
for the year ended 31 March 2024

	Ordinary shares USD	Stated Capital Preference share capital USD	Share application monies USD	Accumulated losses USD	Total equity USD
<i>Transactions with owner of the Company</i>					
Issue of shares	-	18,100,000	-	-	18,100,000
Movement during the year	-		9,100,000		9,100,000
<i>Total comprehensive income for the year</i>					
Loss for the year	-	-	-	(22,135)	(22,135)
Other comprehensive income	-	-	-	-	-
Balance at 01 April 2023	100	18,100,000	9,100,000	(33,348)	27,166,752
<i>Transactions with owner of the Company</i>					
Issue of shares	-	11,212,000	(9,100,000)	-	2,112,000
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	-	25,414	25,414
Other comprehensive income	-	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>100</b>	<b>29,312,000</b>	<b>-</b>	<b>(7,934)</b>	<b>29,304,166</b>

The notes on pages 11 to 28 form part of these financial statements.

**PDS Manufacturing Limited**

**Statement of cash flows**

*for the year ended 31 March 2024*

	2024 USD	2023 USD
<b>Cash flow from operating activities</b>		
Profit / (loss) before taxation	25,414	(22,135)
<i>Changes in working capital:</i>		
Change in trade and other receivables	(45,694)	-
Change in other payables	424,046	182,540
<b>Net cash from operating activities</b>	<u>403,766</u>	<u>160,405</u>
<b>Cash flows from investing activities</b>		
Acquisition of investments	(2,500,000)	(27,360,000)
<b>Net cash used in investing activities</b>	<u>(2,500,000)</u>	<u>(27,360,000)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,112,000	18,100,000
Proceeds from share application monies	-	9,100,000
<b>Net cash from financing activities</b>	<u>2,112,000</u>	<u>27,200,000</u>
<b>Net movement in cash and cash equivalents</b>	15,766	405
Cash and cash equivalents at 01 April	405	-
<b>Cash and cash equivalents at 31 March</b>	<u><u>16,171</u></u>	<u><u>405</u></u>

The notes on pages 11 to 28 form part of these financial statements.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 31 March 2024*

#### **1. General information**

The Company was incorporated as a private limited company on 22 March 2021 and was granted a Global Business Licence on 22 March 2021. The Company's registered office is at C/o Rogers Capital Corporate Services Limited, 3<sup>rd</sup> floor, Rogers House, No. 5 President John Kennedy Street, Port Louis, Republic of Mauritius.

The Company is mainly involved in Investment Holdings activities in the manufacturing and textile industry.

The Company is a holder of a Global Business Licence under the Mauritius Companies Act 2001 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 use 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*

These financial statements have been prepared under the going concern basis using the historical cost convention, except for financial instruments which are carried at amortised cost.

##### *(c) Functional and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

##### *(d) Use of estimates and judgement*

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

#### **2. Basis of preparation (continued)**

##### *(d) Use of estimates and judgement (continued)*

###### 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:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts; 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.

###### Going Concern

Management has made an assessment in respect of the entity's going concern and 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.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

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

##### **(a) New standards, interpretations and amendments adopted 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:

##### ***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 IASB 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 above new, amended standard and interpretation effective for the financial year did not have any impact on the Company's financial statements.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 31 March 2024*

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

##### **(a) New standards, interpretations and amendments adopted during the year (continued)**

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

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board ("IASB").

The IASB 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;
- 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 IASB 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 January 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.

###### ***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 31 March 2024*

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

##### **(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 IASB 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.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

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 USD.

##### ***Impairment of investment in subsidiaries***

The carrying values of investment in subsidiaries are tested for impairment whenever there is any objective evidence or indication that the investments may be impaired. This determination requires significant judgement. In estimating the recoverable amount of the investment, the Company evaluates, amongst other factors, the future profitability of the subsidiary, its financial health and near-term business outlook, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

#### **5. Significant accounting policies**

The accounting policies set out below have been applied in the preparation of these financial statements.

##### *(a) Foreign currency transactions*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

##### *(b) Revenue recognition*

Revenues of the company will be in terms of dividends and interest received from its subsidiaries.

##### *(c) Finance income and finance costs*

The Company's net finance income includes interest income and foreign exchange differences.

##### *(d) Stated capital*

###### *Ordinary shares*

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

##### *(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.

##### *(f) Expenses*

All expenses are recognised in profit or loss on an accrual basis.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

#### **5. Significant accounting policies**

##### *(g) Taxation*

Taxation comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

##### *(i) Current tax*

Current tax comprises of the expected tax payable or receivable on the taxable income or loss for the period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

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

##### *(ii) 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.

##### *(h) Provisions*

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

**PDS Manufacturing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

*(i) Financial instruments*

***(i) Recognition and initial measurement***

All financial assets and financial liabilities are initially recognised when the Company 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.

***(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 (FVTOCI) – debt investment; FVTOCI – 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 FVTOCI 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.

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

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

##### *(i) Financial instruments (continued)*

##### ***(ii) Classification and subsequent measurement (continued)***

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 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 as 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.

##### ***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).

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

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

##### *(i) Financial instruments (continued)*

##### ***(ii) Classification and subsequent measurement (continued)***

##### ***Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest (continued)***

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

##### ***Financial assets – Subsequent measurement and gains and losses:***

##### ***Financial assets at 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 gain or losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### ***Financial liabilities – Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### ***Derecognition***

The Company derecognises a financial liability when its contractual obligation is discharged or cancelled, or expires. 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.

## **PDS Manufacturing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

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

##### *(i) Financial instruments (continued)*

##### **(iii) Impairment of assets**

##### **Impairment**

The Company recognises loss allowance for Expected Credit Loss ("ECL") on:

- Financial assets measured at amortised cost;

The Company measured loss allowance at an amount equal to lifetime 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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company 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.

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'. 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 of 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.

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (i) Financial instruments (continued)

##### (iii) Impairment of assets (continued)

##### *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.

##### *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.

#### 6. Financial instruments – Fair values and risk management

##### (a) Accounting classifications and fair values

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. Trade and other receivables exclude prepayments amounting to USD 727.

31 March 2024	Financial assets USD	Carrying amount Other financial liabilities USD	Total USD
<b>Financial assets not measured at fair value</b>			
Interest receivables	45,694	-	45,694
Cash and cash equivalents	16,171	-	16,171
	<b>61,865</b>	<b>-</b>	<b>61,865</b>
<b>Financial liabilities not measured at fair value</b>			
Advances from holding company	-	609,976	609,976
Other payables	-	8,450	8,450
	<b>-</b>	<b>618,426</b>	<b>618,426</b>

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (a) Accounting classifications and fair values (continued)

Period ended 31 March 2023	Financial assets USD	Carrying amount Other financial liabilities USD	Total USD
Financial assets not measured at fair value			
Cash and cash equivalents	405	-	405
	-----	-----	-----
	405	-	405
	-----	-----	-----
Financial liabilities not measured at fair value			
Advances from holding company	-	186,880	186,880
Other payables	-	7,500	7,500
	-----	-----	-----
	-	194,380	194,380
	-----	-----	-----

##### (b) Financial risk management

###### Introduction and preview

Financial instruments carried in the statement of financial position include, 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 risks are market risk, liquidity risk and credit 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 review their risk management policies and systems to reflect changes in markets and emerging best practice.

###### Overview

The Company has exposure to the following risk arising from financial instruments:

- Market risk
- Liquidity risk
- Credit risk

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### *(b) Financial risk management (continued)*

###### ▪ *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's performance or financial position. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

###### (i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not subject to currency risk as its financial assets and liabilities are denominated in its functional currency, the USD.

###### (ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is not subject to interest rate risk as its financial assets and liabilities are non-interest earning/ bearing.

###### (iii) Price risk

Price risk is the risk of unfavourable changes in fair values of equities as the result of changes in the value of individual shares. The Company has no exposure to price risk at reporting date.

###### ▪ *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 managing liquidity is to ensure that it will always have sufficient liquidity under both normal and stressed condition to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the Company's contractual maturities of financial liabilities:

#### 31 March 2024

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 year USD	Total USD
<b>Financial liabilities</b>				
Advances from holding company	609,976	-	-	609,976
Other payables	-	8,450	-	8,450
	-----	-----	-----	-----
<b>Total financial liabilities</b>	<b>609,976</b>	<b>8,450</b>	<b>-</b>	<b>618,426</b>
	=====	=====	=====	=====

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (b) Financial risk management (continued)

###### ▪ Liquidity risk (continued)

31 March 2023

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 year USD	Total USD
Financial liabilities				
Advances from holding company	186,880	-	-	186,880
Other payables	-	7,500	-	7,500
	-----	-----	-----	-----
Total financial liabilities	186,880	7,500	-	194,380
	=====	=====	=====	=====

###### ▪ Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations, and arises from cash and cash equivalents.

The Company also limits its exposure to credit risk by dealing only with counterparties that has a good credit rating and management does not expect counter party to fail to meet its obligations. The Company has no exposure to credit risk at reporting date.

#### 7. Income tax expense

##### Income tax

The Company was issued with a Global Business Licence ("GBL") on 11 June 2019 and is subject to income tax in Mauritius on its net income at 15%.

The Company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments; the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: The Company may apply the credit system if it so wishes.

*Capital gains are exempt from tax in Mauritius.*

The Company is a Global Business Licence company for the purpose of the Financial Services Act 2007. Gains or profits derived from the sale of units or of securities by a company holding a Global Business Licence are exempt in Mauritius.

**PDS Manufacturing Limited****Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024***7. Income tax expense (continued)***Deferred tax*

A deferred tax asset amounting to **USD 231** (2023: USD 3,320) has not been recognised in respect of the tax losses carried forward as the directors consider that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. Tax losses can be carried forward up to a maximum of five years. The Company's tax losses **USD 1,539** (2023: USD 30,348) available for set-off against future taxable income.

*Recognised in the statement of profit or loss and other comprehensive income*

## Current tax expense

	<b>2024</b> <b>USD</b>	2023 USD
Tax charge for the year	-	-
	=====	=====
<i>Reconciliation of effective tax</i>		
Profit / (loss) before taxation	<b>25,414</b>	(22,135)
	=====	=====
Income tax at 15%	<b>3,812</b>	(3,320)
Unauthorised deductions	<b>509</b>	-
Tax losses (utilised) / unutilised during the year	<b>(4,321)</b>	3,320
	-----	-----
Income tax payable	-	-
	=====	=====

**8. Investments in subsidiaries**

Investments consist of unquoted shares in subsidiaries.

	<b>2024</b> <b>USD</b>	2023 USD
<b>Cost</b>		
At 01 April	<b>27,360,000</b>	-
Additions during the year	<b>2,500,000</b>	27,360,000
Impairment of investments	-	-
	-----	-----
At 31 March	<b>29,860,000</b>	27,360,000
	=====	=====

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 8. Investments in subsidiaries (continued)

<i>Name of company</i>	<i>Type of shares</i>	<i>Number of shares</i>	<i>2024 % held</i>	<i>2023 % held</i>	<i>Country of incorporation</i>
<b>Subsidiaries</b>					
Progress Manufacturing Group Limited	Ordinary	10,000	100%	100%	Hong Kong
Progress Manufacturing Group Limited	CRPS	20,000,000	100%	100%	Hong Kong
Green Apparel Industries Limited	CRPS	7,200,000	100%	100%	Hong Kong
Green Apparel Industries Limited	Ordinary	200,000	100%	100%	Hong Kong

#### 9. Other receivables

	<b>2024 USD</b>	<b>2023 USD</b>
Interest receivables	45,694	-
Prepayments	727	727
	<b>46,421</b>	<b>727</b>
	<b>=====</b>	<b>=====</b>

#### 10. Stated capital

	<b>2024 USD</b>	<b>2023 USD</b>
<i>Stated capital</i>		
100 ordinary shares of USD 1 each	100	100
29,312,000 (2023: 18,100,000) Cumulative redeemable preference shares of USD 1 each	29,312,000	18,100,000
	<b>29,312,100</b>	<b>18,100,100</b>
	<b>=====</b>	<b>=====</b>

#### 11. Share application monies

	<b>2024 USD</b>	<b>2023 USD</b>
Share application monies	-	9,100,000
	<b>=====</b>	<b>=====</b>

Share application monies consist of cumulative redeemable preference shares to Multinational Textile Group Limited.

## PDS Manufacturing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 12. Other payables

	2024 USD	2023 USD
Advances from holding company	609,976	186,880
Accrued expenses	8,450	7,500
	<u>618,426</u>	<u>194,380</u>
	=====	=====

#### 13. Related party disclosures

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

			2024 USD	2023 USD
<i>Transaction during the period:</i>	<i>Nature of relationship</i>	<i>Nature of transaction</i>		
Multinational Textile Group Limited	Holding Company	Advance payable Interest	(10,000)	(176,640)
GoodEarth Lifestyle Limited	Subsidiary	receivable	10,687	-
Progress Manufacturing Group Limited	Subsidiary	Interest receivable	35,007	-
<i>Balance outstanding at 31 March:</i>				
Multinational Textile Group Limited	Holding Company	Amount payable	(196,880)	(186,880)
		Amount		
GoodEarth Lifestyle Limited	Subsidiary	receivable	10,687	-
Progress Manufacturing Group Limited	Subsidiary	Amount receivable	35,007	-

#### 14. Holding and ultimate holding company

The Company is a wholly owned subsidiary of Multinational Textile Group Limited, a Company incorporated in the Republic of Mauritius. The ultimate holding Company is PDS Multinational Fashions Limited, a company incorporated in India with its shares listed on The National Stock Exchange of India Limited and Bombay Stock Exchange.

#### 15. 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.

**Independent Auditor's Report**  
and Audited Financial Statements  
**of**  
**PDS Sourcing Bangladesh Limited**  
For the year ended 31 March, 2024

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PDS SOURCING BANGLADESH LIMITED

### Opinion

We have audited the financial statements of PDS Sourcing Bangladesh Limited, which comprise the Statement of Financial Position as at 31 March, 2024, Statement Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of PDS Sourcing Bangladesh Limited give a true and fair view of the financial position as at 31 March, 2024, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and comply with other applicable laws and regulations.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

### Auditor's Responsibilities for the Audit of Financial Statements

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books;
- c) The statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

Dated; Dhaka

28 MAR 2024



**Md. Mostain Billah FCA**

Partner

Mak & Co.

Chartered Accountants

Enrollment No: 1028

DVS No: 2909281028AS631217



**PDS Sourcing Bangladesh Limited**  
**Statement of Financial Position**  
**For the year ended 31 March, 2024**

Particulars	Notes	31.03.2024 Taka	31.03.2023 Taka
<b>Non-current assets</b>		<b>44,664,017</b>	<b>51,753,815</b>
Property, Plant & Equipment	4	37,754,117	45,519,867
Investment in Fixed Deposits		-	-
Deferred Tax Assets		6,909,900	6,233,948
<b>Current assets</b>		<b>6,041,638</b>	<b>13,194,651</b>
Advance, deposit & prepayments	5	217,525	100,800
Cash and cash equivalents	7	5,824,113	13,093,851
<b>Total Assets</b>		<b>50,705,655</b>	<b>64,948,466</b>
<b>Equity &amp; Liabilities</b>			
<b>Shareholder's Equity</b>		<b>49,536,591</b>	<b>64,174,808</b>
Share Capital	9	117,418,900	117,418,900
Retained Earnings		(67,882,309)	(53,244,092)
<b>Current liabilities</b>		<b>1,169,063</b>	<b>773,658</b>
Liabilities for expenses	8	662,541	678,457
Net provision for income tax	6	506,522	95,201
<b>Total Equity and Liabilities:</b>		<b>50,705,655</b>	<b>64,948,466</b>
<b>Net Assets Value Per Share</b>		<b>42.19</b>	<b>54.65</b>

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


  
Managing Director

  
Director

*Signed as per our annexed report of even date.*

Dated: Dhaka;

**28 MAR 2024**

  
**Md. Mostain Billah FCA**

Partner

Enrollment No: 1028

Mak & Co., Chartered Accountants

DVC NO: 2404281028AS631217

**PDS Sourcing Bangladesh Limited**  
**Statement of Comprehensive Income (Income Statement)**  
**For the year ended 31 March, 2024**

Particulars	Notes	31.03.2024 Taka	31.03.2023 Taka
Revenue	10	2,283,802	2,175,048
Cost of Sales		-	-
<b>Gross profit:</b>		<b>2,283,802</b>	<b>2,175,048</b>
Less: Operating expenses:		16,654,636	14,388,092
Administrative expenses	11	16,654,636	14,388,092
Selling expenses		-	-
<b>Profit from operation:</b>		<b>(14,370,834)</b>	<b>(12,213,044)</b>
Other income	12	-	561,062
<b>Profit before Interest &amp; Tax</b>		<b>(14,370,834)</b>	<b>(11,651,982)</b>
Less: Financial expenses		-	-
<b>Profit before Income Tax</b>		<b>(14,370,834)</b>	<b>(11,651,982)</b>
Less: Income tax expenses	13	943,335	761,208
Less: Deferred tax (income)/expenses	14	(675,952)	(1,187,712)
<b>Net Profit after tax</b>		<b>(14,638,217)</b>	<b>(11,225,478)</b>
Add: Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(14,638,217)</b>	<b>(11,225,478)</b>
<b>Earning per share (EPS)</b>		<b>(12.47)</b>	<b>(9.56)</b>


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

  
**Managing Director**

  
**Director**

*Signed as per our annexed report of even date.*

Dated: Dhaka:  
**28 MAR 2024**

  
**Md. Mostain Billah FCA**  
Partner

Enrollment No: 1028

Mak & Co., Chartered Accountants

DVC NO: **2409281028 AS631217**

**PDS Sourcing Bangladesh Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 March, 2024**

Particulars	Share Capital	Share Money Deposit	Retained Earnings	Amount in Taka
				Total Equity
Opening Balance	117,418,900	-	(53,244,092)	64,174,808
Add: Addition during the period	-	-	-	-
Profit/(Loss) for the Period	-	-	(14,638,217)	(14,638,217)
<b>Balance as at 31 March, 2024</b>	<b>117,418,900</b>	<b>-</b>	<b>(67,882,309)</b>	<b>49,536,591</b>

**For the year ended 31 March, 2023**

Particulars	Paid up Capital	Share Money Deposit	Retained Earnings	Amount in Taka
				Total Equity
Balance as at 1 April 2022	117,418,900	-	(42,018,614)	75,400,286
Add: Addition during the period	-	-	-	-
Profit/(Loss) for the Period	-	-	(11,225,478)	(11,225,478)
<b>Balance as at 31 March, 2023</b>	<b>117,418,900</b>	<b>-</b>	<b>(53,244,092)</b>	<b>64,174,808</b>

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

  
**Managing Director**

  
**Director**



**PDS Sourcing Bangladesh Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March, 2024**

	31.03.2024 Taka	31.03.2023 Taka
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	2,283,802	2,175,048
Cash paid to suppliers and others	(9,553,540)	(2,100,090)
<b>Net cash flow/(used) in Operating Activities (A):</b>	<b>(7,269,738)</b>	<b>74,958</b>
<b>Cash flows from investing activities:</b>		
Acquisition of non current assets	-	-
Investment in FDR	-	10,241,517
<b>Net cash used in investing activities (B):</b>	<b>-</b>	<b>10,241,517</b>
<b>Cash flows from financing activities:</b>		
Paid up capital	-	-
Share Money Deposit	-	(11,592,500)
<b>Net cash generated from financing activities (C):</b>	<b>-</b>	<b>(11,592,500)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(7,269,738)</b>	<b>(1,276,025)</b>
Cash and cash equivalent at the beginning of the year	13,093,851	14,369,876
<b>Cash and cash equivalent at the ending of the year</b>	<b>5,824,113</b>	<b>13,093,851</b>
<b>Cash and cash equivalent comprises of:</b>		
Cash in hand	270,200	63,243
Cash at bank	5,541,078	13,030,608
Cash With Nagad	12,835	-
	<b>5,824,113</b>	<b>13,093,851</b>
<b>Net operating cash flow per share</b>	<b>(6.19)</b>	<b>0.06</b>

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

  
**Managing Director**

  
**Director**



**PDS SOURCING BANGLADESH LIMITED**

**Notes to the Financial Statements**

As at and for the year ended 31 March, 2024

**1.00 Background of the Company**

PDS Sourcing Bangladesh Limited was incorporated under Company Act 1994 as private limited companies by shares vide Registration No. C-113829/14 dated February 2, 2014 having prime objectives of acquire the properties in the city of Dhaka and anywhere in Bangladesh and to let out those properties and carrying on the business as manufacturers, processors, traders, importers, exporters, buyers, sellers, marketers, showroom owners, general commission agent, dealers, distributors, brokers, wholesalers, retailers, exchangers, franchise traders, stockiest, jobbers, fabricators of otherwise deal in all kind of garments etc.

**2.00 Basis of preparation of financial statements**

**2.01 Statement of Compliance**

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994, and other relevant local laws as applicable and in accordance with the accounting policies mentioned in the following paragraphs.

**2.02 Regulatory Compliances**

In addition to the provision of Companies Act 1994, the management complies with the applicable provisions of following act & laws:

- The Income Tax Ordinance 1984;
- The Income Tax Rules 1984;
- The Value Added Tax Act 1991;
- The Value Added Tax Rules 1991;

**2.03 Components of the Financial Statements**

According to the International Accounting Standards (IAS)-1 as adopted by ICAB as IAS-1 "Presentation of Financial Statements" the complete set of financial statements includes the following components.

- Statement of financial position as at 31 March, 2024;
- Statement of comprehensive income for the year ended on 31 March, 2024.
- Statement of changes in equity for the year ended on 31 March, 2024;
- Statement of cash flows for the year ended on 31 March, 2024; and
- Accounting policies and other explanatory notes for the year ended on 31 March, 2024.

**2.04 Measurement Bases used in preparing the Financial Statements**

The financial statements have been prepared on the historical cost basis, and therefore, do not take into consideration the effect of inflation. The accounting policies, unless otherwise stated, have been consistently applied by the company and are consistent with those of the previous year.

**2.05 Reporting Currency and Level of Precision**

The financial statements are presented in Bangladeshi currency (Taka), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest Taka.

**2.06 Preparation and Presentation of Financial Statements of the Company**

The Board of Directors of the company is responsible for the preparation and presentation of financial statements of PDS Sourcing Bangladesh Limited.

**2.07 Use of Estimates and Judgments**

The preparation of these financial statements, required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**2.08 Reporting Period**

This financial statement of the company covers period from 1 April, 2023 to 31 March 2024.

**2.09 Cash Flow Statement**

Statement of cash flows is prepared in accordance with "IAS 7: Cash Flow Statement" and the cash flows from operating activities have been presented under Direct Method.

**2.10 Recognition of PPE:**

Property, Plant and Equipment (PPE) under construction/acquisition is measured at cost & no depreciation was charged as per provision of 'IAS-16: Property, Plant and Equipment'.

**2.11 Depreciation:**

Depreciation has been charged on straight-line method on all property, plant and equipment that have already been put on operation except land. Full month's depreciation is charged for the month of acquisition irrespective of the date of acquisition and no depreciation is charged for the month of disposal. The rates of depreciation and category of property, plant and equipment are as follows:

Asset Type	Rate
Building	5%
Furniture and Fixtures	25%
Office Equipment	33.33%
Computer Equipment	33.33%

**2.12 Revenue Recognition**

The company recognized revenue when risk of ownership and control has been transferred to the buyer, which satisfies all the condition for the revenue recognition as provided in IFRS 15 "Revenue from Contracts with Customers".

**2.13 Provisions**

As per "IAS 37: Provisions, Contingent Liabilities and Contingent Assets" a provision recognized on the date of statement of financial position if, as a result of past even Company has a present obligation that can be estimated reliably, and it is probable the outflow of economic benefits will be required to settle the obligation.

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

**2.14 Contingencies**

Contingencies arising from claim, litigation assessment, fines, penalties etc are recorded if it is probable that a liability has been incurred and the amount can be measured reliably in accordance with "IAS 37: Provisions, Contingent Liabilities and Contingent Assets".

**2.15 Going Concern**

The company has adequate resources to continue its operations for foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts. The resources of the company are sufficient to meet the present obligation of its existing businesses and operations.

**3.00 General**

Figures are rounded off to the nearest Taka.



**PDS Sourcing Bangladesh Limited**  
**Schedule of Property, Plant and Equipment**  
**For the year ended 31 March, 2024**

**4 Property, plant and equipment**

Particulars	Cost			Depreciation			Amount in Taka	
	Balance as at 01 April 2023	Addition during the year	Disposal during the year	Balance as at 31 Mar 2024	Rate	Charged during the year	Adjustment during the year	WDV as at 31 March 2024
Freehold Building	47,443,939	-	-	47,443,939	5%	2,372,225	-	37,754,117
Furniture & Fixture	37,885,592	-	-	37,885,592	25%	5,393,525	-	-
Office Equipment	12,126,125	-	-	12,126,125	33%	-	-	-
IT Equipment	8,845,593	-	-	8,845,593	33%	-	-	-
<b>As at March 31, 2024</b>	<b>106,301,249</b>	<b>-</b>	<b>-</b>	<b>106,301,249</b>		<b>7,765,750</b>	<b>-</b>	<b>37,754,117</b>

**For the year ended 31 March 2023**

Particulars	Cost			Depreciation			Amount in Taka	
	Balance as at 01 April 2022	Addition during the year	Disposal during the year	Balance as at 31 Mar 2023	Rate	Charged during the year	Adjustment during the year	WDV as at 31 March 2023
Freehold Building-WIP	-	-	-	-	-	-	-	-
Freehold Building	47,443,939	-	-	47,443,939	5%	2,372,225	-	40,126,341
Furniture & Fixture	37,885,592	-	-	37,885,592	25%	9,400,461	-	5,393,525
Office Equipment	12,126,125	-	-	12,126,125	33.33%	90,508	-	-
IT Equipment	8,845,593	-	-	8,845,593	33.33%	5,186	-	-
<b>As at March 31, 2023</b>	<b>106,301,249</b>	<b>-</b>	<b>-</b>	<b>106,301,249</b>		<b>11,868,380</b>	<b>-</b>	<b>45,519,867</b>



**PDS Sourcing Bangladesh Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March, 2024**

	31.03.2024 Taka	31.03.2023 Taka
<b>5 Advances, deposit &amp; prepayments</b>		
Advance against expenses	217,475	100,800
Adv Agst Salary	50	-
	<u>217,525</u>	<u>100,800</u>
<b>6 Current Taxes</b>		
<i><b>Advance Income Tax</b></i>		
Opening Balance	639,231	485,952
Add: Addition during the year	114,188	153,279
Less Adjustment during the year	639,231	-
	<u>114,188</u>	<u>639,231</u>
<i><b>Provision for Income Tax</b></i>		
Opening Balance	734,431	581,152
Add: Provision made during the year	525,510	153,279
Less Adjustment during the year	639,231	-
	<u>620,710</u>	<u>734,431</u>
<b>Net Provision for Tax</b>	<u>(506,522)</u>	<u>(95,200)</u>
<b>7 Cash and cash equivalents</b>		
Cash in hand	270,200	63,243
Cash with Nagad	12,835	-
Cash at bank	5,541,078	13,030,608
	<u>5,824,113</u>	<u>13,093,851</u>
<b>7.1 Cash at bank</b>		
A/C No.-1804012756, Gulshan Branch, CBC.	5,541,078	13,030,608
	<u>5,541,078</u>	<u>13,030,608</u>

**8 Liabilities for expenses**

Audit fees	75,000	57,500
Salary payable	82,332	75,760
P	9,352	1,133
VDS payable	16,517	60,224
Other Payables	13,500	18,000
Refundable Security Deposit	465,840	465,840
	<u>662,541</u>	<u>678,457</u>

**9 Share Capital**
**Authorized Capital:**

[20,00,000 shares of Tk. 100 each]

200,000,000      200,000,000
**Paid-up Capital:**
**Name of Shareholder**

	2024		2023	
	No. of Shares	Value	Taka	Taka
Multinational Textile Group Limited	1,173,989	100	117,398,900	117,398,900
Md. Shahed Mahmud	100	100	10,000	10,000
Mr. Pallak Seth	100	100	10,000	10,000
	<u>1,174,189</u>		<u>117,418,900</u>	<u>117,418,900</u>



**PDS Sourcing Bangladesh Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 March, 2024**

	<b>31.03.2024</b>	<b>31.03.2023</b>
	<b>Taka</b>	<b>Taka</b>
<b>10 Revenue</b>		
Rent Received	2,283,802	2,175,048
Income from commission	-	-
	<u><b>2,283,802</b></u>	<u><b>2,175,048</b></u>
<b>11 Administrative Expenses</b>		
Office expenses	728,243	69,263
Salary & Bonus	4,338,870	998,270
Incentive to employees	153,580	105,000
Entertainment Expense	6,687	2,453
Leave Encashment	7,679	-
Written Off - Sundry Balances	-	637,468
Government Fees	143,982	69,127
Telephone, Mobile & Internet	50,235	32,000
Insurance Building	152,769	-
Conveyance	-	6,320
Bank Charges	33,175	37,780
Legal & Professional Fees	497,410	91,817
Medical/Health Ins.	32,981	8,745
Audit Fees	103,750	92,000
Rate & Tax Local/Reg	55,816	112,108
Travel Local	31,881	-
Transport Allow-Staff	1,201,548	-
Travel Overseas	1,308,470	-
Printing & Stationary	19,665	-
Repairs & Maintenance	11,685	14,350
Life Ins Cont.-Staff	1,460	-
Immigration/Visa Exp	9,000	-
General Insurance	-	243,011
Depreciation Charge	7,765,750	11,868,380
	<u><b>16,654,636</b></u>	<u><b>14,388,092</b></u>
<b>12 Other Income</b>		
Interest on FDR	-	45,802
Short term Loan Interest Income- (From Progress Appreal	-	399,452
Proportionate Insurance Recovery from KSL	-	115,808
	<u><b>-</b></u>	<u><b>561,062</b></u>
<b>13 Income Tax Expenses</b>		
Provision for Current Tax	525,510	153,279
Tax paid against assessment year 23-24	417,825	607,929
	<u><b>943,335</b></u>	<u><b>761,208</b></u>

**14 Deferred tax liabilities/expenses**

Deferred tax has been recognised and measured in accordance with the provision of IAS 12:

Deferred tax arrived at as follows:

Particulars	Carrying amount as at 31st Mar 2024	Tax Base 31 Mar 2024	Taxable/ (Deductible) temporary
Property, Plant & Equipment	37,754,117	62,881,027	(25,126,910)
	<u>37,754,117</u>	<u>62,881,027</u>	<u>(25,126,910)</u>
Net Temporary difference			
Deferred tax liability/expense on temporary difference			
Average Income Tax rate (Excluding capital gain and dividend income)			27.50%
Deferred tax liability/expense on temporary difference			(6,909,900)
<b>Change in deferred tax assets and liability</b>			<b>(6,909,900)</b>
Opening balance As on 1 April 2023			6,233,948
Provision made during the period			<u><b>(675,952)</b></u>

**15 Related Parties**

Following are related parties with who the company has entered into the financial transactions:

<u>Name of the related parties</u>	<u>Relationship</u>
Kleider Sourcing Ltd.	Company under common control
Progress Appreal Ltd.	Company under common control

**15 Transaction and Balance with related parties**

Related parties comprise of the parent company, companies under common control/directorship (i.e. group companies), key management personnel of the company and employee's provident fund. The Company in the normal course of business carries out transactions with various related parties on mutually agreed terms.

**Transaction with Kleider Sourcing Ltd.**

Proportionate Insurance Recovery -

**Transaction with Progress Appreal Ltd.**

Nature of Transaction: Short term Loan

Interest rate:

Short term loan

Interest received -

**Present outstanding:**

Principal: -

Interest: -

**16 Number of Employees**

The total average number of employees during the year and as at 31 March 2024 are as follows:

Number of Employees as at March 31, 2024	1
Average number of employees during the year	1

**17 Date of Authorisation for issue**

These financial statements were authorised on ----- by the board of Directors of the Company.

**19 Events After the reporting period**

There are no material events that had occurred after the reporting period to the date of issue of these financial statements, which either requires adjustment or disclosure in these financial statements.

**PDS Sourcing Limited**

**Financial statements**

**31 March 2024**

**PDS Sourcing Limited**

Financial statements  
for the year ended 31 March 2024

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## **PDS Sourcing Limited**

### **Corporate data**

<b>Director:</b>		<b>Appointed on</b>	<b>Resigned on</b>
	Mr Deepak Kumar Seth	05 May 2006	-
	Mr Pallak Seth	05 May 2006	-
	Mr Sharmil Shah	01 March 2018	-
	Mr Sheik Mohamad Ally Shameem Kureemun	07 August 2018	-
	Mr Ashish Gupta	03 August 2021	10 April 2023
	Mr Krishna Ramguttee (alternate to Mr Sheik Mohamad Ally Shameem Kureemun)	07 August 2018	-

**Company Secretary:** Rogers Capital Corporate Services Limited  
3<sup>rd</sup> Floor, Rogers House  
No.5, President John Kennedy Street  
Port Louis  
Republic of Mauritius

**Registered office:** C/o Rogers Capital Corporate Services Limited  
3<sup>rd</sup> Floor, Rogers House  
No.5, President John Kennedy Street  
Port Louis  
Republic of Mauritius

**Auditor:** Lancasters  
Chartered Accountants  
14, Lancaster Court  
Lavoquer Street  
Port Louis  
Republic of Mauritius

**Banker:** HSBC Bank (Mauritius) Limited  
Icon Ebene, Level 5,  
Office 1 West Wing,  
Rue de l'Institut,  
72202,  
Republic of Mauritius

## **PDS Sourcing Limited**

### **Directors' report**

The directors are pleased to present their report together with the audited financial statements of PDS Sourcing Limited (the "Company") for the year ended 31 March 2024.

### **Principal activity**

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

### **Results and dividend**

The results for the year are shown on page 7.

The directors paid a dividend of USD 9,100,000 of a dividend for the year under review. (2023: Nil).

### **Statement of directors' responsibilities in respect of financial statements**

Mauritius Companies Act requires the directors to prepare financial statements for each financial year giving a true and fair view of the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the accounts 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 have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors' responsibilities include: designing, implementing and maintaining internal controls 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.

### **Auditors**

Our auditors, Lancasters Chartered Accountants have expressed their willingness to continue in office for the next financial year end.

### **By order of the Board of Directors**



**Director**

Date: **09 MAY 2024**

# Rogers Capital

PDS Sourcing Limited

**Secretary's certificate**  
*for the year ended 31 March 2024*

## **Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001**

In accordance with section 166 (d) of the Mauritius Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001.

L. Roopah

For and on behalf of **ROGERS CAPITAL CORPORATE SERVICES LIMITED**  
**Company secretary**

Date: 09 MAY 2024

## Auditor's report to member of PDS Sourcing Limited

### *Opinion*

We have audited the financial statements of PDS Sourcing Limited (the "Company") set out on pages 7 to 41 which comprise the statement of financial position as at 31 March 2024, 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 2024, 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.

**Auditor's report to member of PDS Sourcing 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 PDS Sourcing 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,  
Chartered Accountants  
14, Lancaster Court  
Lavoquer Street  
Port Louis  
Mauritius



Pasram Bissassur FCCA, ACA, MBA (UK)  
*Licensed by FRC*

Date: 09.05.2024

**PDS Sourcing Limited**

**Statement of profit or loss and other comprehensive income**  
for the year ended 31 March 2024

		2024 USD	2023 USD
	Note		
<b>Revenue</b>			
Revenue	7	18,739,880	14,822,254
		-----	-----
<b>Expenses</b>			
Consultancy fees		7,233,568	7,699,875
Recharge expenses		2,321,037	555,764
Professional fees		19,460	13,500
Audit and accounting fees		11,302	11,302
Bank charges		9,205	9,757
Administration charges		2,852	2,812
Licence fees		2,512	2,108
Depreciation		-	25,485
		-----	-----
		9,599,936	8,320,603
		-----	-----
<b>Profit from operating activities</b>		9,139,944	6,501,651
Net finance income	8	173,231	50,863
Investment written off		(996,842)	-
Receivable written off		(2,090,828)	-
		-----	-----
<b>Profit before taxation</b>		6,225,505	6,552,514
Taxation	9	(98,963)	-
		-----	-----
<b>Profit for the year</b>		6,126,542	6,552,514
Other comprehensive income		-	-
		-----	-----
<b>Total comprehensive income for the year</b>		6,126,542	6,552,514
		=====	=====

The notes on pages 11 to 41 form part of these financial statements

**PDS Sourcing Limited**

**Statement of financial position**  
at 31 March 2024

		2024 USD	2023 USD
<b>Assets</b>	<b>Note</b>		
<b>Non-current assets</b>			
Investments in subsidiaries	10	16,156,763	17,020,450
Intangibles	11	891,992	891,992
		-----	-----
<b>Total non-current assets</b>		<b>17,048,755</b>	<b>17,912,442</b>
		-----	-----
<b>Current assets</b>			
Other receivables	12	6,186,446	5,310,088
Cash and cash equivalents		662,533	169,681
		-----	-----
<b>Total current assets</b>		<b>6,848,979</b>	<b>5,479,769</b>
		-----	-----
<b>Total assets</b>		<b>23,897,734</b>	<b>23,392,211</b>
		=====	=====
<b>Equity</b>			
Stated capital	13	13,987,266	13,987,266
Revenue reserves		3,939,293	6,912,751
		-----	-----
<b>Total equity</b>		<b>17,926,559</b>	<b>20,900,017</b>
		-----	-----
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	14	5,872,212	2,492,194
Tax payable	9	98,963	-
		-----	-----
<b>Total current liabilities</b>		<b>5,971,175</b>	<b>2,492,194</b>
		-----	-----
<b>Total equity and liabilities</b>		<b>23,897,734</b>	<b>23,392,211</b>
		=====	=====

Approved by the Board of Directors on 09 MAY 2024 and signed on its behalf by:

  
.....  
Director

  
.....  
Director

The notes on pages 11 to 41 form part of these financial statements

**PDS Sourcing Limited**

**Statement of changes in equity**  
for the year ended 31 March 2024

	<b>Stated capital USD</b>	<b>Revenue reserves USD</b>	<b>Total USD</b>
Balance as at 01 April 2022	3,987,266	71,654	4,058,920
<b>Total comprehensive income for the year</b>			
Profit for the year	-	6,552,514	6,552,514
<i>Transaction with owners of the company</i>			
Issue of shares	10,000,000	-	10,000,000
	-----	-----	-----
Balance as at 31 March 2023	13,987,266	6,912,751	20,900,017
<b>Total comprehensive income for the year</b>			
Profit for the year	-	6,126,542	6,126,542
Dividend paid	-	(9,100,000)	(9,100,000)
	-----	-----	-----
<b>Balance as at 31 March 2024</b>	<b>13,987,266</b>	<b>3,939,293</b>	<b>17,926,559</b>
	=====	=====	=====

The notes on pages 11 to 41 form part of these financial statements

**PDS Sourcing Limited**

**Statement of cash flows**  
for the year ended 31 March 2024

	2024 USD	2023 USD
<b>Cash flows from operating activities</b>		
Profit before taxation	6,225,505	6,552,514
<i>Adjustments for:</i>		
Dividend income	(9,364,576)	(5,986,678)
Interest income	(57,012)	-
Loss on foreign exchange	(116,219)	(23,638)
Investment written off	996,842	-
Receivable written off	2,090,828	-
	<u>(224,541)</u>	<u>542,198</u>
<i>Change in working capital</i>		
Change in other receivables	(2,910,174)	600,384
Change in other payables	3,496,238	(1,951,631)
	<u>361,432</u>	<u>(809,049)</u>
<b>Net cash from/ (used in) operating activities</b>		
<b>Cash flows from investing activities</b>		
Acquisition of investments	(133,156)	(2,000,000)
Repayment of loan from subsidiary	-	-
Dividend received	9,364,576	5,384,744
Loan advance to subsidiary	-	(4,426,285)
	<u>9,231,420</u>	<u>(1,041,541)</u>
<b>Net cash from/ (used in) investing activities</b>		
<b>Cash flows from financing activities</b>		
Advance received from / paid to holding company	-	1,561,000
Dividend paid	(9,100,000)	-
	<u>(9,100,000)</u>	<u>1,561,000</u>
<b>Net cash from/ (used in) financing activities</b>		
Movement in cash and cash equivalents	492,852	(289,590)
Cash and cash equivalents at beginning of the year	169,681	459,272
<b>Cash and cash equivalents at end of the year</b>	<u><u>662,533</u></u>	<u><u>169,681</u></u>

The notes on pages 11 to 41 form part of these financial statements

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

#### **1. General information**

PDS Sourcing Ltd (The "Company") is a private limited company, incorporated and domiciled in Mauritius. The address of the registered office is No.5 President John Kennedy Street, 3rd Floor, Rogers House, Port Louis, Republic of Mauritius. The main activity of the Company is that of investment holding.

The Company is a holder of a Global Business Licence under the Mauritius Companies Act 2001 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) Basis of accounting*

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*

These financial statements have been prepared under the going concern basis using the historical cost convention, except for financial instruments which are carried at amortised cost.

##### *(c) Functional currency and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

##### *(d) Use of estimates and judgement*

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

**2. Basis of preparation (continued)**

*(d) Use of estimates and judgement (continued)*

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:

- Recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts; and
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

*(e) Measurement of fair values*

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

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

#### **2. Basis of preparation (continued)**

##### *(f) New standards, interpretations and amendments adopted 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:

##### ***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 IASB 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.

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 2. Basis of preparation (continued)

##### *(f) New standards, interpretations and amendments adopted during the year (continued)*

###### **Definition of accounting estimates (Amendments to IAS 8) (continued)**

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)**

Making information in financial statements more relevant and less cluttered has been one of the key focus areas for the International Accounting Standards Board ("IASB").

The IASB 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;
- 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 IASB 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 April 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.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

**2. Basis of preparation (continued)**

*(f) New standards, interpretations and amendments adopted during the year (continued)*

***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments narrow the *scope* of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g., leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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.

*(g) 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 January 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 IASB 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.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with early application permitted.

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.

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

#### **3. Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

##### *(a) Foreign currency translations*

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of profit or loss within "finance income/ costs".

##### *(b) Revenue recognition*

Revenue is recognised as follows:

- Marketing and consultancy income are accounted for as it accrues
- Dividend income is recognised when the right to receive income is established.
- Service fee income

##### *(c) Finance income and finance costs*

The Company's net finance income includes interest income and foreign exchange differences.

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements** *for the year ended 31 March 2024*

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

##### *(d) Taxation*

Taxation comprises current withholding and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income ("OCI").

##### **Current tax**

Current tax is 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.

Current tax assets and liabilities are offset only if the Company has the legal right and the intention to settle on a net basis.

##### **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 is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income 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.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

*(e) Investment in subsidiaries*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in subsidiaries are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

*(f) Financial instruments*

*Recognition and initial measurement*

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

*Classification and subsequent measurement*

*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL or FVTOCI. 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.

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (f) Financial instruments (continued)

###### *Financial assets(continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at amortised cost include loans to related parties, other receivables (excluding prepayments), short-term deposit and cash and cash equivalents.

###### *Financial assets - Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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.

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

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

##### *(f) Financial instruments (continued)*

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

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).

##### *Financial assets - Subsequent measurement and gains and losses*

##### *Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### *Financial liabilities measured at amortised cost*

##### *Financial liabilities*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category: loan from holding company, loan from financial institution and other payables.

##### *Non-derivative financial liabilities – Measurement*

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Non-derivative liabilities comprise of loan from holding company, loan from financial institution and other payables.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

*(f) Financial instruments (continued)*

*Non-derivative financial assets - Impairment*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost.

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances 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 and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security; or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

*(f) Financial instruments (continued)*

*Non-derivative financial assets -Impairment (continued)*

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

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances 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 and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security; or
  - the financial asset is more than 90 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

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

##### (f) Financial instruments (continued)

##### *Non-derivative financial assets – Impairment (continued)*

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

##### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost 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 borrower or issuer
- it is probable that the borrower will enter bankruptcy or other financial reorganisation
- the underlying project is put on hold
- breach of contract such as a default or being more than 90 days past due.

##### *Presentation of allowance for ECLs 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.

##### *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.

##### *Derecognition*

##### *Financial assets*

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

*(f) Financial instruments (continued)*

*Derecognition (continued)*

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

*Financial liabilities*

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*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 has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

There is no offsetting of financial instruments applied as at reporting date in the statement of financial position.

*(g) 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.

## **PDS Sourcing Limited**

### **Notes to and forming part of the financial statements for the year ended 31 March 2024**

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

##### *(h) Expenses*

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

##### *(i) 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.

#### **4. Critical accounting estimates and judgements**

##### *Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in Note 2 (c), the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar (USD).

##### *Impairment assessment of investments*

Management carries out regular review of the status of the assets of the Company to determine whether there is any indication that these assets suffered any impairment.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, which is then recognised in profit or loss. Management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the impairment are based on critical evaluation of the economic circumstances involved, historical experience and other factors considered to be relevant.

##### *Estimation of recoverable amounts of loans to related parties*

In preparing the financial statements, the directors have made estimates of the recoverable amounts of loans to related parties and impaired those receivables where the carrying amounts exceed its recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and an estimate of the timing and the extent of cash flows likely to be received by the Company.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

**5. 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 2024	Carrying amounts		Total USD
	Amortised cost USD	Other financial liabilities USD	
<b>Financial assets not measured at fair value</b>			
Other receivables	6,185,798	-	6,185,798
Cash and cash equivalents	662,533	-	662,533
	<u>6,848,331</u>	<u>-</u>	<u>6,848,331</u>
<b>Financial liabilities not measured at fair value</b>			
Other payables	-	5,872,212	5,872,212
	<u>-</u>	<u>5,872,212</u>	<u>5,872,212</u>

31 March 2023	Carrying amounts		Total USD
	Amortised cost USD	Other financial liabilities USD	
<b>Financial assets not measured at fair value</b>			
Other receivables	5,309,198	-	5,309,198
Cash and cash equivalents	169,681	-	169,681
	<u>5,478,879</u>	<u>-</u>	<u>5,478,879</u>
<b>Financial liabilities not measured at fair value</b>			
Other payables	-	2,492,194	2,492,194
	<u>-</u>	<u>2,492,194</u>	<u>2,492,194</u>

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

**(b) Financial risk management**

*Introduction and preview*

Financial instruments carried on the statement of financial position include other receivables, cash and cash equivalents, other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

Risk management is carried out by the Board of directors through board meetings. The Company provide principles for overall risk management.

*Overview*

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

*Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

*(i) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company has no significant exposure to interest rate risk.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

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

**(b) Financial risk management (continued)**

*(ii) Currency risk*

The Company has certain financial instruments denominated in GBP. Consequently, the Company is exposed to the risk that the exchange rate of the USD relative to GBP may change in a manner, which has a material effect on the reported values of the Company's assets and liabilities, which are denominated in USD.

*Currency profile*

	<b>Financial assets 2024 USD</b>	<b>Financial liabilities 2024 USD</b>	<b>Financial assets 2023 USD</b>	<b>Financial liabilities 2023 USD</b>
USD	<b>4,678,629</b>	<b>5,872,212</b>	1,713,437	2,492,194
GBP	<b>2,160,702</b>	-	3,765,442	-
	<b>6,848,331</b>	<b>5,872,212</b>	5,478,879	2,492,194
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

*Sensitivity Analysis:*

A 10 % strengthening of USD against the GBP at 31<sup>st</sup> March 2024 would have increased net profit before tax by **USD 216,970** (2023: USD 376,544). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in 2023.

	<b>2024 USD</b>	<b>2023 USD</b>
<b>Currency</b>		
GBP	<b>216,970</b>	376,544
	<b>=====</b>	<b>=====</b>

Similarly, a 10% weakening of the USD against the GBP at 31 March 2024 would have had the exact reverse effect.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
*for the year ended 31 March 2024*

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

**(b) Financial risk management (continued)**

**Credit risk**

Credit risk represents the potential loss that the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Company. The Company limits its credit risk by carrying out transactions through companies within the group. At the reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

	2024 USD	2023 USD
Other receivables	6,185,798	5,309,198
Cash and cash equivalents	662,533	169,681
	<u>6,848,331</u>	<u>5,478,879</u>
	=====	=====

*Expected credit loss assessment*

*(i) Other receivables*

The Company applies the simplified approach to measuring expected credit losses, as permitted by IFRS 9, which uses a 12-month expected loss allowance for all other receivables.

The expected credit loss on other receivables was deemed by management to be not material and therefore no impairment allowances were accounted for.

*(ii) Cash and cash equivalents*

The Company held cash and cash equivalents of **USD 662,533** at 31 March 2024 (2023: USD 169,681). 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.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

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

**(b) Financial risk management (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Company's reputation.

	Within one year USD	One to five years USD	Total USD
<b>31 March 2024</b>			
<b>Financial liabilities</b>			
Other payables	5,872,212	-	5,872,212
	=====	=====	=====
<b>31 March 2023</b>			
<b>Financial liabilities</b>			
Other payables	2,492,194	-	2,492,194
	=====	=====	=====

**7. Revenue**

Revenue consists of:

	2024 USD	2023 USD
Consultancy income	5,103,445	6,793,074
Marketing income	2,312,424	2,042,502
Dividend income	9,364,576	5,986,678
Service Fee Income	1,900,000	-
Recharge income	59,435	-
	-----	-----
	18,739,880	14,822,254
	=====	=====

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

**8. Net finance income**

	2024 USD	2023 USD
<b>Finance income:</b>		
Unrealised exchange gain	250,074	235,355
Realised exchange gain	1,277	11,151
Interest income	57,012	27,225
	-----	-----
	308,363	273,731
	-----	-----
<b>Finance costs:</b>		
Unrealised exchange loss	(135,132)	243,663
Realised exchange loss	-	(20,795)
	-----	-----
	(135,132)	(22,868)
	-----	-----
<b>Net finance income</b>	173,231	50,863
	=====	=====

**9. Taxation**

The Company, being resident in Mauritius, is liable to income tax in Mauritius on its chargeable income at the rate of 15% (2023: 15%).

Pursuant to the Finance Act 2019, the Company's foreign sourced income is eligible for a foreign tax credit which is computed as the higher of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the actual foreign tax charged by the foreign jurisdiction or a deemed foreign tax. The deemed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total actual foreign tax credit, the Company is allowed to pool all its foreign sourced income. Under the new regime, the Company will be able to claim an 80% partial exemption on specific types of income (including foreign dividends and interest), subject to meeting pre-defined substance conditions. Other types of income not falling within the categories of income benefitting from the partial exemption will be taxed at 15%. As an alternative to the partial exemption, the Company can claim a tax credit against its Mauritius tax liability based on the foreign tax charged on the income in the foreign jurisdiction.

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

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

**9. Taxation (continued)**

Recognised in the statement of profit or loss and other comprehensive income

	2024 USD	2023 USD
Current tax charge – current year	98,963 =====	- =====
<i>Reconciliation of effective tax</i>		
	2024 USD	2023 USD
Profit before taxation	6,225,596 =====	6,552,514 =====
Income tax at 15%	933,839	982,893
Non allowable expenses	650,966	220,901
Non-taxable income	(37,587)	(35,142)
Exempt income	(738,611)	-
Underlying tax suffered	(709,644) -----	(1,168,652) -----
Current year tax expense	98,963 =====	- =====

**10. Investments in subsidiaries**

Investments consist of unquoted shares

	2024 USD	2023 USD
<i>Cost</i>		
At 01 April	17,020,450	3,747,770
Acquisition during the year	138,055	-
Written off during the year	(996,842)	13,272,680
Disposal during the year	(4,900) -----	- -----
As at 31 March	16,156,763 =====	17,020,450 =====

## PDS Sourcing Limited

Notes to and forming part of the financial statements  
for the year ended 31 March 2024

### 10. Investments in subsidiaries (continued)

<i>Name of company</i>	<i>Type of shares</i>	<i>Number of shares</i>	<i>% held</i>	<i>Country of incorporation</i>
Design Arc UK Ltd	Equity	42,500	85%	United Kingdom
PDS Fashion (PDS Vogue)	Equity	825,000	100%	United Kingdom
PG Group	Equity	1,000,000	51%	Hong Kong
Poetic Brands Limited	Equity	30,000	60%	United Kingdom
Poeticgem Limited	Equity	50,000	100%	United Kingdom
Spring Design London Limited	Equity	1	100%	United Kingdom
Grupo Sourcing Ltd	Equity	51,000	51%	Hong Kong
Moda & Beyond Ltd	Equity	8,055	63%	United Kingdom
PDS Asia Star Corp Ltd HK	Equity	120,000	60%	Hong Kong
PDS Collective Sourcing Ltd	Equity	100,000	100%	Hong Kong
PDS Design Services Ltd	Equity	10,000	100%	Hong Kong
PDS Fashion Hong Kong Ltd	Equity	10,000	100%	Hong Kong
PDS Fashion Ltd (UK)	Equity	3,199,800	100%	United Kingdom
PDS Incubation Co. Ltd (Previously known as PDS S HK Ltd)	Equity	10,000	100%	Hong Kong
PDS Lifestyle Ltd (Hong Kong)	Equity	5,100	51%	Hong Kong
PDS Lifestyle Ltd (UK)	Equity	1	100%	United Kingdom
PDS Smart Fabric Tech Ltd	Equity	2,000,000	100%	Hong Kong
Poeticgem International Ltd	Equity	9,983	100%	Hong Kong
Simple Approach (redeemable preference shares)	Equity	1,990,000	100%	Hong Kong
Simple Approach	Equity	212,500	85%	Hong Kong
Techno Design HK	Equity	55,000	55%	Hong Kong
Zamira Fashions Ltd	Equity	167,500	67%	Hong Kong

At the reporting date, the directors have reviewed the carrying amounts of the investments in subsidiaries and considered that no provision for impairment is required for the year under review.

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

**11. Intangibles**

	2024	2023
	USD	USD
At 01 April		-
Addition during the year	891,992	917,477
Depreciation during the year	-	(25,455)
	-----	-----
As at 31 March	891,992	891,992
	=====	=====

The company is implementing an IT development project.

**12. Other receivables**

	2024	2023
	USD	USD
Unsecured, interest free loan/ advances and repayable on demand	734,919	278,627
Secured, interest bearing loan	1,347,580	3,739,327
Non-trade receivables	4,103,299	1,291,244
Prepayments	648	890
	-----	-----
	6,186,446	5,310,088
	=====	=====

**13. Stated capital**

	2024	2023
	USD	USD
13,987,266 ordinary shares of USD 1 each	13,987,266	13,987,266
	=====	=====

All shares in issue are fully paid up. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 14. Other payables

	2024	2023
	USD	USD
Non-trade payables and accrued expenses	5,872,212	2,492,194
	=====	=====

#### 15. Related party transactions

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

One director of the Company is deemed to have beneficial interests in the Administration Agreement between the Company, the Administrator and Secretary.

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

<i>Transactions during the year:</i>	<i>Nature:</i>	2024	2023
		USD	USD
Multinational Textiles Group Limited	Advance received	-	-
Multinational Textiles Group Limited	Recharge expense	2,321,036	611,042
Multinational Textiles Group Limited	Dividend declared	9,100,000	-
Multinational Textiles Group Limited	Amount paid paid	(9,036,500)	-
PDS Vogue Limited	Investments	-	-
PDS Vogue Limited	Investments liability transfer to holding company	-	-
Spring Design Limited	Exchange difference on retranslation	-	-
Spring Design Limited	Loan	542,015	(192,858)
Poeticgem International Limited	Dividend receivable	-	-
Poeticgem International Limited	Dividend received	-	-

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 15. Related party transactions (continued)

<i>Transactions during the year:</i>	<i>Nature:</i>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
Poetic Brands Limited	Amount receivable	-	335,631
Poetic Brands Limited	Amount received	<b>331,023</b>	-
Poetic Brands Limited	Exchange difference on retranslation	<b>4,607</b>	-
Norwest Industries Limited	Amount accrued	<b>1,148,485</b>	1,053,649
Norwest Industries Limited	Amount received	<b>(1,041,411)</b>	991,494
Simple Approach Limited	Amount accrued	<b>773,902</b>	693,415
Simple Approach Limited	Dividend receivables	<b>1,266,500</b>	2,000,000
Simple Approach Limited	Amount received	<b>(1,768,935)</b>	2,695,297
PG Group Limited	Amount accrued	<b>205,635</b>	301,357
PG Group Limited	Amount received	<b>(205,635)</b>	301,357
PG Home Group Limited	Amount accrued	<b>36,900</b>	36,900
PG Home Group Limited	Amount received	<b>(36,900)</b>	36,900
Styleberry Limited	Amount accrued	<b>18,330</b>	532,801
Styleberry Limited	Amount received	<b>(22,427)</b>	528,704
Progress Manufacturing Group Limited	Amount accrued	<b>494,580</b>	498,304
Progress Manufacturing Group Limited	Amount received	<b>(485,267)</b>	468,359
Grupo Sourcing Limited	Amount accrued	<b>36,900</b>	49,200
Grupo Sourcing Limited	Amount received	<b>(49,200)</b>	50,100
Twins Asia Limited	Amount accrued	<b>760,539</b>	330,138
Twins Asia Limited	Amount received	<b>(760,539)</b>	330,138
PDS Asia Star Corp Limited	Amount accrued	<b>147,600</b>	344,795
PDS Asia Star Corp Limited	Amount received	<b>(147,600)</b>	394,296
PDS Asia Star Corp Limited	Dividend accrued	-	-

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

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

<i>Transactions during the year:</i>	<i>Nature:</i>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
PDS Asia Star Corp Limited	Dividend paid	-	-
PDS Asia Star Corp Limited	Dividend declared	1,020,000	390,000
PDS Asia Star Corp Limited	Amount received	(810,000)	-
Fareast Vogue Limited	Amount accrued	73,800	79,420
Fareast Vogue Limited	Amount received	(73,800)	79,420
Green Apparel Industries Limited	Amount accrued	196,080	365,037
Green Apparel Industries Limited	Amount received	(201,650)	392,361
Poeticgem International Limited	Amount accrued	1,304,874	1,532,560
Poeticgem International Limited	Amount received	(3,322,448)	1,511,230
Poeticgem International Limited	Advance dividend	-	-
Poeticgem International Limited	Dividend declared	1,500,000	-
Krayons Sourcing Limited	Amount accrued	296,483	580,159
Krayons Sourcing Limited	Amount received	(380,324)	456,505
Zamira Fashions Limited	Amount accrued	252,590	286,765
Zamira Fashions Limited	Amount received	(251,938)	290,793
Zamira Fashions Limited	Dividend declared	750,000	-
Zamira Fashions Limited	Amount received	(750,000)	-
Blueprint Design Limited	Amount accrued	-	-
Blueprint Design Limited	Amount received	-	-
360 Degree Notch Limited	Amount accrued	-	73,989
360 Degree Notch Limited	Amount received	-	81,339
Clover Collections Limited	Amount accrued	459,522	1,031,990
Clover Collections Limited	Amount received	(489,632)	1,018,729
FX Import HK Limited	Amount accrued (Interest)	9,575	1,396
FX Import HK Limited	Amount received (Interest)	-	886,337
FX Import HK Limited	Exchange difference on retranslation	-	-
FX Import HK Limited	Amount written off	(897,308)	-

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 15. Related party transactions (continued)

<i>Transactions during the year:</i>	<i>Nature:</i>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
Design Arc Asia	Amount accrued	627,499	898,134
Design Arc Asia	Amount received	(647,278)	880,776
Techno Design HK	Amount accrued	162,916	228,593
Techno Design HK	Amount received	(151,280)	239,198
PDS Far East Limited	Amount accrued	-	-
PDS Far East Limited	Amount received	-	-
Rogers Capital Corporate Services Limited	Administrator fees accrued	33,527	-
Rogers Capital Corporate Services Limited	Administrator fees paid	(27,018)	-
Poeticgem Ltd	Dividend accrued	-	3,261,047
Poeticgem Ltd	Amount received	-	3,261,047
PDS Fashion Ltd	Interest accrued	33,165	531,374
PDS Fashion Ltd	Exchange difference on retranslation	36,470	-
PDS Fashion Ltd	Recharge expense	-	531,374
PDS Fashion Ltd	Amount granted	-	1,809,318
Pacific Logistics	Amount accrued	5,294	538
Pacific Logistics	Amount received	(5,832)	490,568
Pacific Logistics	Exchange difference on retranslation	25,863	-
Pacific Logistics	Amount written off	(516,431)	-
Poetic Knitwear	Amount accrued (Interest)	9,482	902
Poetic Knitwear	Amount received (Interest)	(10,384)	878,715
Poetic Knitwear	Exchange difference on retranslation	46,326	-
Poetic Knitwear	Amount written off	(925,041)	-
Moda & Beyond Ltd	Investments	(8,055)	-
PDS Collective Sourcing Ltd	Investments	(100,000)	-
PDS Design Services Ltd	Investments	(10,000)	-
PDS Design Services Ltd	Amount received	10,000	-
PDS Lifestyle Ltd (Hong Kong)	Investments	(10,000)	-
PDS Lifestyle Ltd (UK)	Investments	(1)	-

**PDS Sourcing Limited**

**Notes to and forming part of the financial statements**  
for the year ended 31 March 2024

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

<i>Transactions during the year:</i>	<i>Nature:</i>	<b>2024</b>	<b>2023</b>
		<b>USD</b>	<b>USD</b>
PDS Lifestyle Ltd (UK)	Dividend declared	<b>2,000,000</b>	-
PDS Lifestyle Ltd (UK)	Amount received	<b>(2,000,000)</b>	-
PDS Lifestyle Ltd (UK)	Amount receivable	<b>1,354</b>	-
PDS Sourcing Hong Kong Ltd	Investments	<b>(10,000)</b>	-
PDS Sourcing Hong Kong Ltd	Amount received	<b>10,000</b>	-
Collaborative Sourcing	Amount accrued	<b>64,934</b>	-
Collaborative Sourcing	Amount received	<b>(60,988)</b>	-
PDS Brands Manufacturing	Amount accrued	<b>134,307</b>	-
PDS Brands Manufacturing	Amount received	<b>(122,080)</b>	-

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 15. Related party transactions (continued)

		2024 USD	2023 USD
<i>Balances outstanding at 31 March:</i>			
Multinational Textiles Group Limited	Amount Payable	3,062,289	677,753
Poetic Brands Limited	Amount receivable	-	335,631
Spring Design Limited	Amount receivable	1,150	194,054
Spring Design Limited	Loan receivable	734,919	-
Norwest Industries Limited	Amount receivable	169,230	62,155
Simple Approach	Amount receivable	308,529	37,063
PG Group Limited	Amount receivable	-	-
PG Home Group Limited	Amount receivable	-	-
Styleberry Limited	Amount receivable	-	4,097
Progress Manufacturing Group Limited	Amount receivable	36,157	26,844
Grupo Sourcing Limited	Amount receivable	-	12,300
Twins Asia Limited	Amount receivable	-	-
PDS Asia Star Corp Limited	Amount receivable	600,000	390,000
Fareast Vogue Ltd	Amount receivable	-	-
Green Apparel Industries Limited	Amount receivable	903	6,473
Poeticgem International Limited	Amount receivable	651,052	168,625
Krayons Sourcing Limited	Amount receivable	13,563	97,404
Zamira Fashions Limited	Amount receivable	16,048	15,396
Clover Collections Limited	Amount receivable	31,038	61,148
FX Import HK Limited	Amount receivable	-	887,733
Design Arc Asia	Amount receivable	23,760	43,539
Techno Design HK	Amount receivable	11,636	-
Collaborative Sourcing	Amount receivable	3,946	-

## PDS Sourcing Limited

### Notes to and forming part of the financial statements for the year ended 31 March 2024

#### 15. Related party transactions (continued)

		2024	2023
		USD	USD
<i>Balances outstanding at 31 March:</i>			
PDS Brands Manufacturing	Amount receivable	12,227	-
Rogers Capital Corporate Services Limited	Administration fees payable	6,509	-
PDS Fashion Ltd	Amount receivable	1,347,580	1,277,944
Pacific Logistics	Amount receivable	-	491,106
Poetic Knitwear	Amount receivable	-	879,617
Moda & Beyond Ltd	Amount Payable	8,055	-
PDS Collective Sourcing Ltd	Amount Payable	100,000	-
PDS Fashion Hong Kong Limited	Amount Payable	10,000	-
PDS Lifestyle Limited (Hong Kong)	Amount Payable	10,000	-
PDS Lifestyle Limited (UK)	Amount receivable	60,788	-

#### 16. 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.

#### 17. Holding and ultimate holding company

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

#### 18. Events after the reporting date

There have been no material events after the reporting date which require disclosure or adjustments to the financial statements for the year ended 31 March 2024.

**PDS VENTURES LIMITED**  
(Incorporated in Hong Kong with limited liability)

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**REPORT OF DIRECTORS**  
  
**AND**  
  
**AUDITED FINANCIAL STATEMENTS**  
  
**FOR THE YEAR ENDED 31 MARCH 2024**

**PDS VENTURES LIMITED  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2024.

**PRINCIPAL ACTIVITY**

The Group was engaged in investment holding during the year ended 31 March 2024.

**RESULTS AND DIVIDEND**

The results of the Company and its subsidiaries ("the Group") for the year ended 31st March 2024 are set out in the statement of profit or loss and other comprehensive income on page 6.

The directors do not recommend payment of a dividend.

**DIRECTORS**

The directors of the Group during the financial year and up to the date of this report were:

Deepak Kumar Seth  
Pallak Seth  
Abhishek Kanoi

In accordance with the Group's component company's articles of association, directors retire by rotation and being eligible, offer themselves for re-election.

**PERMITTED INDEMNITY PROVISION**

At no time during the financial year and up to the date of this director's report, were there any permitted indemnity provision in force for the benefit of one or more directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

**DIRECTOR'S INTERESTS**

At no time during the financial year or at the end of the financial year was the Company, its parent company or fellow subsidiaries a party to any arrangements 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.

The directors had no material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Company to which any of its holding companies or fellow subsidiaries were a party during the year.

**PDS VENTURES LIMITED**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 MARCH 2024 (contd.)**

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**MANAGEMENT CONTRACTS**

The Company did not enter into any contract, other than the contracts of service with the directors or any person engaged in the full-time employment of the Company, whereby any individual, firm or body corporate undertakes the management and administration of the whole, or any substantial part of any business of the Company.

**AUDITOR**

The financial statements have been audited by Falcon Certified Public Accountants Limited, who retire and being eligible, offer themselves for re-appointment.

**APPROVAL OF DIRECTOR'S REPORT**

The report was approved by the Board of Directors on 13 May 2024.

On behalf of the Board

  
\_\_\_\_\_  
Abhishek Kanoi  
Director  
Hong Kong

Date: 13 May 2024

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF PDS VENTURES LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

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**Opinion**

We have audited the consolidated financial statements of PDS VENTURES LIMITED ("the Company") and its subsidiaries (together the "Group") set out on pages 6 to 29, which comprise the consolidated statement of financial position as at 31<sup>st</sup> March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31<sup>st</sup> March 2024, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 ("HKSA") 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 reports of the directors but does not include the consolidated financial statements and 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 consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed 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 directors for the consolidated financial statements**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS VENTURES LIMITED (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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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. 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 HKSAAs, 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF PDS VENTURES LIMITED (continued)**  
*(Incorporated in Hong Kong with limited liability)*

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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.



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**Falcon Certified Public Accountants Limited**  
*Certified Public Accountants*  
Hong Kong

Gilbert Loke  
Practicing Certificate Number: P40176


Date: 13 May 2024

**PDS VENTURES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Goodwill		5,357,879	5,357,879
Intangible assets – design cost in development		7,259,033	2,423,073
Property, plant, and equipment		2,092,907	2,779,176
Right of use assets		6,954,257	-
Investment in an associate	12	1,195,129	1,526,769
Financial assets at the fair value through other comprehensive income	10a	201,821,432	159,181,252
Financial assets measured at the fair value through profit or loss	10b	<u>53,329,543</u>	<u>44,710,376</u>
		<u>278,010,180</u>	<u>215,978,525</u>
<b>Current assets</b>			
Inventories		24,416	96,843
Trade receivables		318,818	
Prepayments, deposits & other receivables		5,114,267	2,210,427
Cash and cash equivalents		237,458	4,141,828
		<u>5,694,959</u>	<u>6,449,098</u>
<b>TOTAL ASSETS</b>		<u><b>283,705,139</b></u>	<u><b>222,427,623</b></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Equity / (Deficiency)</b>			
Share capital	18	177,850,800	177,850,800
Reserves		24,330,105	12,933,085
		202,180,905	190,783,885
Non-Controlling interest		<u>16,660,340</u>	<u>12,598,628</u>
<b>Total equity / (deficiency)</b>		<u><b>218,841,245</b></u>	<u><b>203,382,513</b></u>
<b>Non Current Liabilities</b>			
Lease Liabilities		6,350,735	
<b>Current Liabilities</b>			
Amount due to a fellow subsidiary	9	56,068,772	18,104,922
Amount due to a related company			440,733
Trade Payables		973,087	
Other payables and accruals		411,204	499,455
Lease liabilities - current		<u>1,060,096</u>	
<b>Total liabilities</b>		<u><b>64,863,894</b></u>	<u><b>19,045,110</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>283,705,139</b></u>	<u><b>222,427,623</b></u>

*The notes on pages 10 to 29 form part of these financial statements.*

Approved by the Board of Directors on 13 May 2024 and are signed on its behalf by:

  
 \_\_\_\_\_  
 Abhishek Kanoi  
 Director

\_\_\_\_\_  
 Pallak Seth  
 Director

**PDS VENTURES LIMITED**  
**ACCOUNTING POLICIES AND EXPLANATORY NOTES TO CONSOLIDATED**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024**

**17. Statement of financial position of the company**

	Notes	<u>2024</u> HK\$	<u>2023</u> HK\$
<b>ASSETS</b>			
<b><u>Non-current assets</u></b>			
Property, Plant and Equipment		11,317	-
Investment in subsidiaries	11	7,819,014	7,819,014
Investment in an associate	12	1,195,129	1,526,769
Financial assets at fair value through other comprehensive income		132,373,633	113,273,960
Financial assets at fair value through profit or loss		49,340,910	38,673,499
		<u>190,740,003</u>	<u>161,293,242</u>
<b><u>Current assets</u></b>			
Amount due from subsidiary		-	8,325,503
Prepayments		118,082	-
Other receivables		2,918,482	624,118
Bank and cash balances		36,798	101,805
		<u>3,073,362</u>	<u>9,051,426</u>
<b>Total assets</b>		<b>193,813,365</b>	<b>170,344,668</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity / (Deficiency)</u></b>			
Share capital	18	177,850,800	177,850,800
Reserves	19	(4,434,165)	(7,538,082)
<b>Total equity / deficiency</b>		<b>173,416,635</b>	<b>170,312,718</b>
<b><u>Current liabilities</u></b>			
Other payables		40,069	-
Accruals		72,876	31,950
Amount due to fellow subsidiaries		20,283,785	-
<b>Total liabilities</b>		<b>20,396,730</b>	<b>31,950</b>
<b>Total equity and liabilities</b>		<b>193,813,365</b>	<b>170,344,668</b>

Approved by the Board of Directors on 13 May 2024 and are signed on its behalf by:

  
**Abhishek Kanoi**  
 Director

  
**Pallak Seth**  
 Director

**PDS VENTURES LIMITED****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2024**

	<u>Notes</u>	<u>2024</u> <u>HK\$</u>	<u>2023</u> <u>HK\$</u>
Revenue		1,551,929	-
Cost of sales		(160,470)	
Gross Profit		1,391,459	-
Other income	6	27,309	(642,176)
Distribution costs and selling expenses		(571,451)	
Administrative expenses		(16,126,578)	(4,286,493)
Finance costs		(684,121)	
Profit before tax		(15,963,382)	(4,928,669)
Share of loss of a Joint Venture			(236,837)
Share of loss of an Associate		(331,640)	(256,663)
Changes in fair value of financial assets as Fair Value through profit or loss		(1,499,127)	(3,711,481)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	7	<u>(17,794,149)</u>	<u>(9,133,651)</u>
INCOME TAX EXPENSE	8		-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		(17,794,149)	(9,133,651)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:			
Changes in fair value of financial assets at fair value through other comprehensive income		33,210,643	9,613,620
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR</b>		<u>15,416,494</u>	<u>479,970</u>
Profit / (loss) attributable to :			
Owners of the parent		(14,275,525)	(9,290,251)
Non-controlling interest		(3,518,624)	156,600
		<u>(17,794,149)</u>	<u>(9,133,651)</u>
Total comprehensive income / (loss) attributed to:			
Owners of the parent		(2,675,919)	(5,265,239)
Non-controlling interest		18,092,413	5,745,206
		<u>15,416,494</u>	<u>479,968</u>

*The accounting policies and explanatory notes on pages 10 to 29 form part of these financial statements.*

Company registration number 14777296 (England and Wales)

**PDS LIFESTYLE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2024**

**PDS LIFESTYLE LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr B Shah	(Appointed 3 April 2023)
	Mr S Ballari	(Appointed 3 April 2023)
	Mr A Kanoi	(Appointed 3 April 2023)

<b>Company number</b>	14777296
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<b>Registered office</b>	UHY Hacker Young LLP Quadrant House 4 Thomas More Square London E1W 1YW
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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**PDS LIFESTYLE LIMITED**

**CONTENTS**

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Statement of financial position	8
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Statement of cash flows	10
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# **PDS LIFESTYLE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the period ended 31 March 2024.

#### **Principal activities**

The company was incorporated on 3 April 2023 and started trading on 13 June 2023. The principal activity of the company is that of a holding company.

#### **Results and dividends**

The results for the period are set out on page 7.

Ordinary interim dividends were paid amounting to £1,613,000. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

Mr B Shah	(Appointed 3 April 2023)
Mr S Ballari	(Appointed 3 April 2023)
Mr A Kanoi	(Appointed 3 April 2023)

#### **Auditor**

UHY Hacker Young were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **PDS LIFESTYLE LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024**

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#### **Statement of disclosure to auditor**

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

*Bhavesh Shah*

.....  
Mr B Shah

**Director**

Date: 11/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PDS LIFESTYLE LIMITED

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### Opinion

We have audited the financial statements of PDS Lifestyle Limited (the 'company') for the period ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the period then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PDS LIFESTYLE LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PDS LIFESTYLE LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF PDS LIFESTYLE LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

11/05/2024  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

**PDS LIFESTYLE LIMITED**

**INCOME STATEMENT**

**FOR THE PERIOD ENDED 31 MARCH 2024**

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		<b>Period ended 31 March 2024 £</b>
Administrative expenses	<b>Notes</b>	(162,251)
<b>Operating (loss)/profit</b>	<b>2</b>	(162,251)
Investment revenues	<b>4</b>	1,981,409
<b>Profit before taxation</b>		1,819,158
Income tax expense		-
<b>Profit and total comprehensive income for the period</b>		1,819,158

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**PDS LIFESTYLE LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2024**

	Notes	2024 £
<b>Non-current assets</b>		
Investments	6	14,600,001
<b>Current assets</b>		
Trade and other receivables	8	4,188,296
Cash and cash equivalents		26,391
		4,214,687
<b>Current liabilities</b>		
Trade and other payables	10	5,957,710
<b>Net current liabilities</b>		(1,743,023)
<b>Non-current liabilities</b>		
Borrowings	9	12,650,819
<b>Net assets</b>		206,159
<b>Equity</b>		
Called up share capital	11	1
Retained earnings		206,158
<b>Total equity</b>		206,159

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11/05/2024 and are signed on its behalf by:

*Bhavesh Shah*

Mr B Shah

**Director**

Company registration number 14777296 (England and Wales)

**PDS LIFESTYLE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2024**

	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 3 April 2023</b>		-	-	-
<b>Period ended 31 March 2024:</b>				
Profit and total comprehensive income		-	1,819,158	1,819,158
Transactions with owners:				
Issue of share capital	<b>11</b>	1	-	1
Dividends	<b>5</b>	-	(1,613,000)	(1,613,000)
<b>Balance at 31 March 2024</b>		<u>1</u>	<u>206,158</u>	<u>206,159</u>

**PDS LIFESTYLE LIMITED****STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 MARCH 2024**

	Notes	2024 £	£
<b>Cash flows from operating activities</b>			
Cash generated from/(absorbed by) operations	15	1,607,163	
<b>Net cash inflow/(outflow) from operating activities</b>			1,607,163
<b>Investing activities</b>			
Purchase of subsidiaries	(14,600,001)		
Interest received	86,151		
Dividends received	1,895,258		
<b>Net cash used in investing activities</b>			(12,618,592)
<b>Financing activities</b>			
Proceeds from issue of shares	1		
Proceeds from borrowings	12,650,819		
Dividends paid	(1,613,000)		
<b>Net cash generated from/(used in) financing activities</b>			11,037,820
<b>Net increase in cash and cash equivalents</b>			26,391
Cash and cash equivalents at beginning of year			-
<b>Cash and cash equivalents at end of year</b>			26,391

# PDS LIFESTYLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

PDS Lifestyle Limited is a private company limited by shares incorporated in England and Wales. The registered office is UHY Hacker Young LLP, Quadrant House, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Reporting period

The company was incorporated on 3 April 2023. Therefore, the accounts to the period ended 31 March 2024 represent just under 12 months of trading.

##### 1.2 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 14.

##### 1.3 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1 Accounting policies**

**(Continued)**

**1.4 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.5 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

**1 Accounting policies**

**(Continued)**

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.6 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.7 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# PDS LIFESTYLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 1 Accounting policies (Continued)

##### 1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 2 Operating (loss)/profit

	2024
Operating loss for the period is stated after charging/(crediting):	£
Exchange losses	22,425

#### 3 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

	2024 Number
Management	3

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

#### 4 Investment income

	2024 £
<b>Interest income</b>	
Financial instruments measured at amortised cost:	
Other interest income on financial assets	86,151
<b>Other income</b>	
Dividends from shares in group undertakings	1,895,258
	1,981,409

## PDS LIFESTYLE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2024

Income above relates to assets held at amortised cost, unless stated otherwise.

#### 5 Dividends

	2024 per share £	2024 Total £
Amounts recognised as distributions:		
<b>Ordinary shares</b>		
Interim dividend paid	1,613,000.00	1,613,000

#### 6 Investments

	Current 2024 £	Non-current 2024 £
Investments in subsidiaries	-	14,600,001

#### Fair value of financial assets carried at amortised cost

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### 7 Subsidiaries

Details of the company's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
New Lobster Limited	111-117 Cleveland Street, London, England, W1T 6PX	Ordinary shares	100.00

#### 8 Trade and other receivables

	2024 £
VAT recoverable	1,121
Amounts owed by fellow group undertakings	3,843,320
Other receivables	10
Prepayments	343,845
	4,188,296

# PDS LIFESTYLE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2024

#### 9 Borrowings

**Non-current  
2024  
£**

**Borrowings held at amortised cost:**

Loans from fellow group undertakings 12,650,819

Loans are held with fellow group undertakings and are interest free.

#### 10 Trade and other payables

**2024  
£**

Amounts owed to fellow group undertakings 5,957,710

#### 11 Share capital

	<b>2024 Number</b>	<b>2024 £</b>
<b>Ordinary share capital Issued and fully paid</b>		
Ordinary shares of £1 each	1	1

During the year, the company issued 1 ordinary share of £1 at par.

#### 12 Capital risk management

The company is not subject to any externally imposed capital requirements.

#### 13 Related party transactions

At the year end, £3,843,320 was owed from Norwest Industries Limited, Hong Kong.

At the year end, £109,353 was owed to Multinational Textile Group Limited.

At the year end, £5,800,200 was owed to Poeticgem Limited.

At the year end, £12,650,819 was owed to New Lobster Limited, its subsidiary.

Norwest Industries Limited, Hong Kong is a subsidiary of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

Poeticgem Limited is a subsidiary of PDS Sourcing Limited, Mauritius which is a wholly owned subsidiary of Multinational Textiles Group Limited, Mauritius.

## PDS LIFESTYLE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE PERIOD ENDED 31 MARCH 2024

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#### 14 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius, and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Corporate Office: Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

#### 15 Cash generated from/(absorbed by) operations

	<b>2024</b>
	<b>£</b>
Profit for the period before income tax	1,819,158
<b>Adjustments for:</b>	
Investment income	(1,981,409)
<b>Movements in working capital:</b>	
Increase in trade and other receivables	(4,188,296)
Increase in trade and other payables	5,957,710
	<hr/>
<b>Cash generated from/(absorbed by) operations</b>	<b>1,607,163</b>
	<hr/> <hr/>

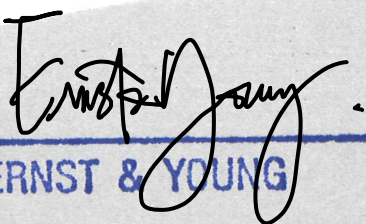
Report of the Directors and Audited Financial Statements

PG GROUP LIMITED

31 March 2024



CERTIFIED TRUE COPY

  
ERNST & YOUNG

# PG GROUP LIMITED

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## PG GROUP LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 March 2024.

#### Principal activities

The principal activities of the Company during the year were the trading of home and garment products, and investment holding. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

#### Results and dividends

The Group's profit for the year ended 31 March 2024 and its financial position at that date are set out in the financial statements on pages 6 to 48.

A final dividend of US\$1.18 per ordinary share, totaling US\$1,184,584, in respect of the year ended 31 March 2023 was paid on 11 August 2023. The directors of the Company do not recommend the payment of a final dividend in respect of the year.

#### Directors

The directors of the Company during the year were:

Sebastian Felipe Berstein Jauregui  
Abhishekh Kanoi  
Suresh Mahadev Punjabi  
Mohandas Thekkeyil  
Luis Hernan Gabler

The persons who were directors of the subsidiaries of the Company during the year (not including those directors listed above) were:

Mahesh Kumar Seth  
Vicente Vial Cerda  
Raamann Ahuja  
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 subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

#### Directors' interests in transactions, arrangements or contracts

No director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

PG GROUP LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD



.....  
Mohandas Thekkeyil  
Director

Hong Kong  
14 May 2024



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道 979 號  
太古坊一座 27 樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

**Independent auditor's report**  
**To the members of PG Group Limited**  
(Incorporated in Hong Kong with limited liability)

**Opinion**

We have audited the consolidated financial statements of PG Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 6 to 48, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**Basis for opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Information other than the consolidated 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 consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the directors for the consolidated financial statements**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Independent auditor's report (continued)**  
**To the members of PG Group Limited**  
(Incorporated in Hong Kong with limited liability)

**Responsibilities of the directors for the consolidated financial statements (continued)**

In preparing the 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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

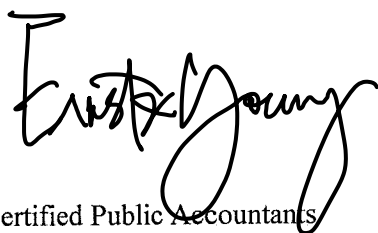
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Independent auditor's report (continued)**  
**To the members of PG Group Limited**  
(Incorporated in Hong Kong with limited liability)

**Auditor's responsibilities for the audit of the consolidated financial statements (continued)**  
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Certified Public Accountants  
Hong Kong  
14 May 2024

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
REVENUE	5	19,587,339	29,768,372
Cost of sales		( 16,137,532)	( 25,143,150)
Gross profit		3,449,807	4,625,222
Other income and gains	5	640,848	280,630
Selling and distribution expenses		( 1,089,617)	( 932,761)
Administrative expenses		( 1,910,474)	( 2,344,961)
Other operating expenses		( 460,337)	( 82,109)
Finance costs	8	( 125,302)	( 50,310)
PROFIT BEFORE TAX	6	504,925	1,495,711
Income tax expense	9	( 1,603)	( 2,851)
PROFIT FOR THE YEAR		<u>503,322</u>	<u>1,492,860</u>
Attributable to:			
Owners of the parent		492,908	1,418,664
Non-controlling interest		<u>10,414</u>	<u>74,196</u>
		<u>503,322</u>	<u>1,492,860</u>

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2024

	2024 US\$	2023 US\$
PROFIT FOR THE YEAR	<u>503,322</u>	<u>1,492,860</u>
OTHER COMPREHENSIVE LOSS		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>152,822</u>	<u>( 3,834)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>656,144</u>	<u>1,489,026</u>
Attributable to:		
Owners of the parent	630,074	1,414,695
Non-controlling interest	<u>26,070</u>	<u>74,331</u>
	<u>656,144</u>	<u>1,489,026</u>

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2024

	Notes	2024 US\$	2023 US\$
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,810	5,801
Right-of-use asset	12(a)	287,409	384,356
Deposits	14	22,799	24,621
Total non-current assets		<u>319,018</u>	<u>414,778</u>
CURRENT ASSETS			
Trade and bills receivables	13	5,215,612	5,088,117
Prepayments, deposits and other receivables	14	27,679	58,544
Due from a fellow subsidiary	19(b)	3,206,099	795,674
Tax recoverable		-	1,760
Cash and cash equivalents		<u>3,179,508</u>	<u>1,036,901</u>
Total current assets		<u>11,628,898</u>	<u>6,980,996</u>
CURRENT LIABILITIES			
Trade and bills payables		3,026,419	1,046,534
Other payables and accruals	15	530,694	463,890
Due to a related company	19(c)	639,524	525,991
Interest-bearing bank borrowings	16	3,070,229	-
Lease liability	12(b)	<u>68,100</u>	<u>73,070</u>
Total current liabilities		<u>7,334,966</u>	<u>2,109,485</u>
NET CURRENT ASSETS		<u>4,293,932</u>	<u>4,871,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,612,950</u>	<u>5,286,289</u>
NON-CURRENT LIABILITY			
Lease liability	12(b)	<u>224,445</u>	<u>307,390</u>
Net assets		<u><u>4,388,505</u></u>	<u><u>4,978,899</u></u>

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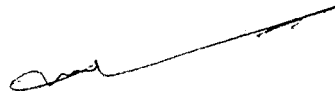
PG GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 March 2024

	Notes	2024 US\$	2023 US\$
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	17	1,000,000	1,000,000
Reserves	18	<u>3,179,471</u>	<u>3,733,981</u>
		4,179,471	4,733,981
<b>Non-controlling interest</b>		<u>209,034</u>	<u>244,918</u>
<b>Total equity</b>		<u><u>4,388,505</u></u>	<u><u>4,978,899</u></u>

.....  
Sebastian Felipe Berstein Jauregui  
Director

.....  
  
Mohandas Thekkeyil  
Director

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2024

	Attributable to owners of the parent				Non-controlling interest US\$	Total equity US\$
	Share capital US\$	Exchange reserve US\$	Retained profits US\$	Total US\$		
1 April 2022	1,000,000	( 1,249)*	3,636,141*	4,634,892	275,456	4,910,348
Profit for the year	-	-	1,418,664	1,418,664	74,196	1,492,860
Other comprehensive income for the year:						
Exchange difference on translation of foreign operations	-	( 3,969)	-	( 3,969)	135	( 3,834)
Total comprehensive income for the year	-	( 3,969)	1,418,664	1,414,695	74,331	1,489,026
Final 2022 dividend declared	-	-	( 1,315,606)	( 1,315,606)	-	( 1,315,606)
Dividend paid to a non-controlling shareholder	-	-	-	-	( 104,869)	( 104,869)
At 31 March 2023 and 1 April 2023	1,000,000	( 5,218)*	3,739,199*	4,733,981	244,918	4,978,899
Profit for the year	-	-	492,908	492,908	10,414	503,322
Other comprehensive income for the year:						
Exchange difference on translation of foreign operations	-	137,166	-	137,166	15,656	152,822
Total comprehensive income for the year	-	137,166	492,908	630,074	26,070	656,144
Final 2023 dividend declared	-	-	( 1,184,584)	( 1,184,584)	-	( 1,184,584)
Dividend paid to a non-controlling shareholder	-	-	-	-	( 61,954)	( 61,954)
At 31 March 2024	<u>1,000,000</u>	<u>131,948*</u>	<u>3,047,523*</u>	<u>4,179,471</u>	<u>209,034</u>	<u>4,388,505</u>

\* These reserve accounts comprise the consolidated reserves of US\$3,179,471 (2023: US\$3,733,981) in the consolidated statement of financial position.

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Notes	2024 US\$	2023 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		504,925	1,495,711
Adjustments for:			
Finance costs	8	125,302	50,310
Interest income	5	( 1,935)	( 1,948)
Depreciation of property, plant and equipment	6	1,590	1,922
Depreciation of a right-of-use asset	6	78,964	88,759
Impairment/(reversal of impairment) of trade receivables, net	6	871	( 47,584)
Write-off of items of property, plant and equipment	6	-	9,872
		709,717	1,597,042
Decrease/(increase) in trade and bills receivables		( 128,366)	4,965,063
Decrease in prepayments, deposits and other receivables		27,061	145,404
Increase/(decrease) in trade and bills payables		1,980,265	( 2,728,739)
Increase/(decrease) in other payables and accruals		74,718	( 479,392)
Increase in an amount due to a related company		113,533	326,246
Change in balance with a fellow subsidiary		( 2,239,462)	( 1,500,027)
Cash generated from operations		537,466	2,325,597
Interest received		1,935	1,948
Overseas tax paid		-	( 2,851)
Net cash flows from operating activities		539,401	2,324,694
<b>CASH FLOWS FROM AN INVESTING ACTIVITY</b>			
Purchases of items of property, plant and equipment and cash flows used in an investing activity		( 5,439)	( 471)

continued/...

PG GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Year ended 31 March 2024

	2024 US\$	2023 US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	( 102,265)	( 40,432)
Dividends paid	( 1,184,584)	( 1,315,606)
Dividends paid to a non-controlling shareholder	( 61,954)	( 104,869)
Principal portion of lease payments	( 70,055)	( 87,440)
Interest portion of lease payments	( 23,037)	( 9,878)
New bank loans	3,070,229	-
Repayments of interest-bearing bank borrowings	-	( 1,387,439)
Net cash flows generated from/(used in) financing activities	<u>1,628,334</u>	<u>( 2,945,664)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,162,296	( 621,441)
Cash and cash equivalents at beginning of year	1,036,901	1,658,958
Effect of foreign exchange rate changes, net	<u>( 19,689)</u>	<u>( 616)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>3,179,508</u></u>	<u><u>1,036,901</u></u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Bank balances	<u><u>3,179,508</u></u>	<u><u>1,036,901</u></u>

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 1. CORPORATE AND GROUP INFORMATION

PG Group Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 9/F, Surson Commercial Building, 140-142 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was primarily engaged in the trading of home and garment products, and investment holding.

The Company is a subsidiary of PDS Sourcing Limited, a company incorporated in Mauritius. In the opinion of the directors, the Company's ultimate holding company is PDS Limited, a company incorporated in India with shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

#### Information about subsidiaries

Particulars of the Company's subsidiaries as at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary /registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
PG Home Group Limited	Hong Kong	US\$250,000	90	-	Trading of home and garment products, and investment holding
PG Home Group S.P.A.	Chile	Chilean Pesos 3,000,000		90	Provision of sales and marketing services
PG Shanghai Manufacturer Co. Ltd. <sup>#</sup>	Shanghai	US\$200,025	100	-	Provision of sourcing Services
PG Group S.P.A.	Chile	Chilean Pesos 3,000,000	100	-	Provision of sales and marketing services

<sup>#</sup> PG Shanghai Manufacturer Co. Ltd is registered as a wholly-foreign-owned enterprise under PRC law.

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 2. ACCOUNTING POLICIES

#### 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. The financial statements have been prepared under the historical cost convention. These financial statements are presented in United States dollars (“US\$”).

##### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of its subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of its subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's consolidated financial statements.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the above new and revised standards has had no significant financial effect on these financial statements except the followings.

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Group's financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

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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	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i> <sup>1</sup>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>1,4</sup>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i> <sup>1</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> 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

The Group 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 Group’s results of operations and financial position.

3. MATERIAL ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL 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 Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture and fixtures	10% - 33⅓%
Office equipment	10% - 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.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

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 shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group 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 Group and payments of penalties for termination of a lease, if the lease term reflects the Group 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 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.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

*Group as a lessee (continued)*

(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 property (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments 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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

*Initial recognition and measurement* (continued)

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 are recognised on the trade date, that is, the date that the Group commits to purchase or sell asset.

*Subsequent measurement of financial assets at amortised cost (debt instruments)*

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

*General approach*

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the 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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 180 days past due. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group's credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also consider a financial asset to be 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 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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## PG GROUP LIMITED

### NOTES TO FINANCIAL STATEMENTS

31 March 2024

#### 3. MATERIAL ACCOUNTING POLICIES (continued)

##### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

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

##### *Subsequent measurement of financial liabilities at amortised cost (trade and other payables, and borrowings)*

After initial recognition, trade and other payables, and interest-bearing 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 statement of profit or loss.

##### Derecognition of financial instruments

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

##### Offsetting of financial instruments

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

##### Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

## PG GROUP LIMITED

### NOTES TO FINANCIAL STATEMENTS

31 March 2024

#### 3. MATERIAL ACCOUNTING POLICIES (continued)

##### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

##### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is 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 Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Tax rates enacted or substantively enacted by the end of the reporting period are used to determine the deferred tax.

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 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.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sales of home and garment products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the home and garment products.

*Other income*

*Interest 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, which appropriate, to the net carrying amount of the financial asset.

*Commission income*

Revenue from the provision of agency services is recognised over time as services are rendered.

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 recognised 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.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

*Pension scheme*

The Group operates a mandatory provident fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Chile and Mainland China are required to participate in central pension schemes operated by the respective local municipal governments. These 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.

Foreign currencies

These financial statements are presented in US\$, which is the Group’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when their fair values were measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of overseas subsidiaries are currencies other than US\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into HK\$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

## PG GROUP LIMITED

### NOTES TO FINANCIAL STATEMENTS

31 March 2024

#### 3. MATERIAL ACCOUNTING POLICIES (continued)

##### Foreign currencies (continued)

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into US\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into US\$ at the weighted average exchange rates for the year.

##### 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.

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated 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 and bills receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. 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 and customer type).

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 conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 13 to the financial statements, respectively.

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 US\$	2023 US\$
<i>Revenue from contracts with customers</i>		
Sale of goods	<u>19,587,339</u>	<u>29,768,372</u>

#### (i) Disaggregated revenue information

The Group's entire revenue of goods transferred is recognised at a point in time.

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:

	2024 US\$	2023 US\$
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of goods	<u>15,604</u>	<u>590,947</u>

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

##### Sale of home and garment products

The performance obligation is satisfied upon delivery of the home and garment products is generally due with 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

As a practical expedient, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) are not disclosed in the notes to the financial statements because all the remaining performance obligations in relation to the sale of goods have an original expected duration of one year or less.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

5. REVENUE, OTHER INCOME AND GAINS (continued)

An analysis of other income and gains are as follows:

	2024 US\$	2023 US\$
Bank interest income	2,567	1,948
Compensation from suppliers	243,119	199,568
Discount from supplier	33,604	68,043
Government grant <sup>^</sup>	-	5,180
Foreign exchange differences, net	346,554	719
Others	15,004	5,172
Total other income and gains	<u>640,848</u>	<u>280,630</u>

<sup>^</sup> There are no unfulfilled conditions or contingencies relating to this grant recognised during the year.

6. PROFIT BEFORE TAX

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

	Notes	2024 US\$	2023 US\$
Cost of inventories sold		16,137,532	25,143,150
Depreciation of property, plant and equipment	11	1,590	1,922
Depreciation of a right-of-use asset	12	78,964	88,759
Lease payments not included in the measurement of lease liabilities		14,219	11,629
Auditor's remuneration		24,020	17,200
Employee benefit expense (excluding directors' remuneration (note 7)):			
Salaries and allowances		949,098	968,020
Pension scheme contributions (defined contribution scheme)		135,073	152,228
Total		<u>1,084,171</u>	<u>1,120,248</u>
Foreign exchange differences, net		( 346,554)	( 719)
Impairment/(reversal of impairment) of trade receivables, net	13	871	( 47,584)
Write-off of items of property, plant and equipment		<u>-</u>	<u>9,872</u>

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 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:

	2024 US\$	2023 US\$
Fees	<u>-</u>	<u>-</u>
Other emoluments: Salaries, allowances and other benefits	<u>123,163</u>	<u>120,167</u>

### 8. FINANCE COSTS

	2024 US\$	2023 US\$
Interest on interest-bearing bank borrowings	102,265	40,432
Interest on a lease liability	<u>23,037</u>	<u>9,878</u>
Total	<u>125,302</u>	<u>50,310</u>

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 9. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

A subsidiary of the Group established in the Republic of Chile is subject to the Chile corporate income tax regulations at a standard rate of 27% during the year.

A subsidiary of the Group established in the People's Republic of China (the "PRC") is subject to PRC corporate income tax at a standard rate of 25% in 2023. No provision for PRC corporate income tax had been made for current year as the Group did not generate any assessable profits arising in the PRC during current year.

	2024 US\$	2023 US\$
Current tax:		
Charge for the year - PRC	-	2,851
Under provision in prior year - Chile	<u>1,603</u>	<u>-</u>

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

	2024 US\$	2023 US\$
Profit before tax	<u>504,925</u>	<u>1,495,711</u>
Tax charge at the Hong Kong statutory tax rate of 16.5% (2023: 16.5%)	83,312	246,792
Difference in tax rates applied for specific provinces or local authority	( 1,004)	( 258)
Income not subject to tax	( 388,256)	( 402,836)
Expenses not deductible for tax	342,417	139,405
Tax losses not recognised	2,647	28,066
Adjustments in respect of current tax of previous periods	1,603	-
Tax losses utilised from previous periods	<u>( 39,116)</u>	<u>( 8,318)</u>
Tax at the effective tax rate	<u>1,603</u>	<u>2,851</u>

## PG GROUP LIMITED

### NOTES TO FINANCIAL STATEMENTS

31 March 2024

#### 9. INCOME TAX (continued)

As at the end of the reporting period, a subsidiary of the Group had unused tax losses arising in Chile of US\$718,604 (2023: US\$863,477), 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 recognised in respect of the unused tax losses of US\$718,604 (2023: US\$863,477), which are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of 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 utilised.

#### 10. DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31 March 2024.

A final dividend in respect of year ended 31 March 2023 of US\$1.18 per ordinary share amounting to US\$1,184,584 was declared by the directors of the Company and was paid to the shareholders of the Company during the current year.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements US\$	Furniture and fixtures US\$	Office equipment US\$	Total US\$
<b>31 March 2024</b>				
At 1 April 2023:				
Cost	40,720	63,697	36,919	141,336
Accumulated depreciation	( 40,720)	( 63,571)	( 31,244)	( 135,535)
Net carrying amount	<u>-</u>	<u>126</u>	<u>5,675</u>	<u>5,801</u>
At 1 April 2023, net of accumulated depreciation	-	126	5,675	5,801
Additions	-	515	4,924	5,439
Depreciation provided during the year	-	( 100)	( 1,490)	( 1,590)
Exchange realignment	<u>-</u>	<u>( 24)</u>	<u>( 816)</u>	<u>( 840)</u>
At 31 March 2024, net of accumulated depreciation	<u>-</u>	<u>517</u>	<u>8,293</u>	<u>8,810</u>
At 31 March 2024:				
Cost	40,720	63,589	27,020	131,329
Accumulated depreciation	( 40,720)	( 63,072)	( 18,727)	( 122,519)
Net carrying amount	<u>-</u>	<u>517</u>	<u>8,293</u>	<u>8,810</u>

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold improvements US\$	Furniture and fixtures US\$	Office equipment US\$	Total US\$
<b>31 March 2023</b>				
At 1 April 2022:				
Cost	44,171	66,495	49,127	159,793
Accumulated depreciation	( 43,741)	( 65,805)	( 31,948)	( 141,494)
Net carrying amount	<u>430</u>	<u>690</u>	<u>17,179</u>	<u>18,299</u>
At 1 April 2022, net of accumulated depreciation	430	690	17,179	18,299
Additions	-	-	471	471
Write-off	( 73)	( 307)	( 9,492)	( 9,872)
Depreciation provided during the year	( 317)	( 208)	( 1,397)	( 1,922)
Exchange realignment	( 40)	( 49)	( 1,086)	( 1,175)
At 31 March 2023, net of accumulated depreciation	<u>-</u>	<u>126</u>	<u>5,675</u>	<u>5,801</u>
At 31 March 2023:				
Cost	40,720	63,697	36,919	141,336
Accumulated depreciation	( 40,720)	( 63,571)	( 31,244)	( 135,535)
Net carrying amount	<u>-</u>	<u>126</u>	<u>5,675</u>	<u>5,801</u>

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 12. LEASES

#### The Group as a lessee

The Group has a lease contract for office premises which has a lease term of 5 years. The Group is restricted from assigning and subleasing the leased asset outside the Group.

#### (a) Right-of-use asset

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

	Office premises US\$
As at 1 April 2022	66,247
New lease	412,741
Depreciation charge	( 88,759)
Exchange realignment	( 5,873)
As at 31 March 2023 and 1 April 2023	384,356
Depreciation charge	( 78,964)
Exchange realignment	( 17,983)
As at 31 March 2024	<u>287,409</u>

#### (b) Lease liability

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

	2024 US\$	2023 US\$
Carrying amount at the beginning of the year	380,460	60,597
New lease	-	412,741
Accretion of interest recognised during the year	23,037	9,878
Payments	( 93,092)	( 97,318)
Exchange realignment	( 17,860)	( 5,438)
Carrying amount at the end of the year	<u>292,545</u>	<u>380,460</u>
Analysed into:		
Current portion	68,100	73,070
Non-current portion	<u>224,445</u>	<u>307,390</u>

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 12. LEASES (continued)

#### The Group as a lessee (continued)

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

	2024 US\$	2023 US\$
Interest on a lease liability	23,037	9,878
Depreciation charge of a right-of-use asset	78,964	88,759
Expense relating to short-term leases	14,219	11,629
	<u>116,220</u>	<u>110,266</u>
Total amount recognised in profit or loss	<u>116,220</u>	<u>110,266</u>

### 13. TRADE AND BILLS RECEIVABLES

	2024 US\$	2023 US\$
Trade receivables	3,740,138	3,234,936
Amount due from a related party	1,507,469	1,411,201
Less: Impairment	( 31,995)	( 31,124)
	<u>5,215,612</u>	<u>4,615,013</u>
Bills receivables	-	473,104
Total	<u>5,215,612</u>	<u>5,088,117</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The Group maintains a defined credit policy and credit periods are usually granted ranging from one to four months from the month-end of date of invoice to customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables related to a large amount of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

As at the end of the reporting period, included in the Group's trade receivables of US\$1,507,469 (2023: US\$1,411,201) is an amount due from Grupo Extremo SUR S.A. ("Grupo"), a related company as detailed in note 19(c), which is repayable on credit terms similar to those offered to the major customers of the Group.

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 13. TRADE AND BILLS RECEIVABLES (continued)

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

	2024 US\$	2023 US\$
At beginning of year	31,124	78,708
Impairment losses/(reversal of impairment losses), net (note 6)	<u>871</u>	<u>( 47,584)</u>
At end of year	<u>31,995</u>	<u>31,124</u>

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. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2024

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.61%	0.61%	-	-	0.61%
Gross carrying amount (US\$)	5,152,734	94,873	-	-	5,247,607
Expected credit losses (US\$)	31,416	579	-	-	31,995

As at 31 March 2023

		Past due			
	Current	Less than 1 month	1 to 3 months	Over 3 months	Total
Expected credit loss rate	0.67%	0.61%	-	-	0.67%
Gross carrying amount (US\$)	4,462,339	183,798	-	-	4,646,137
Expected credit losses (US\$)	30,012	1,112	-	-	31,124

None of the bills receivable was either past due or impaired as at 31 March 2024 and 2023. There was no recent history of default for bills receivable.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 US\$	2023 US\$
Prepayments	22,436	48,675
Deposits	<u>28,042</u>	<u>34,490</u>
	50,478	83,165
Less: Portion classified as non-current	<u>( 22,799)</u>	<u>( 24,621)</u>
Total	<u><u>27,679</u></u>	<u><u>58,544</u></u>

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 2024 and 2023, the loss allowance was assessed to be minimal.

15. OTHER PAYABLES AND ACCRUALS

	Notes	2024 US\$	2023 US\$
Accruals		70,077	68,707
Accrued employee benefits		51,865	71,695
Other payables	(a)	93,621	307,884
Contract liabilities	(b)	<u>315,131</u>	<u>15,604</u>
Total		<u><u>530,694</u></u>	<u><u>463,890</u></u>

Notes:

(a) Other payables are non-interest-bearing and have an average term of three months. Contract liabilities relate to advances received to deliver garment products.

(b) Details of contract liabilities are as follows:

	31 March 2024 US\$	31 March 2023 US\$	1 April 2022 US\$
<i>Advances received from customers</i>			
Sale of goods	<u><u>315,131</u></u>	<u><u>15,604</u></u>	<u><u>590,947</u></u>

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

15. OTHER PAYABLES AND ACCRUALS (continued)

Notes: (continued)

(b) (continued)

Contract liabilities include advances received to deliver garment products. The increase in contract liabilities in 2024 was mainly due to the increase in sales orders received from customers in relation to sales of garment products near year end. The decrease in contract liabilities in 2023 was mainly due to the decrease in sales orders received from customers in relation to sales of garment products near year end and whereas the Group had not yet delivered the products to customers.

16. INTEREST-BEARING BANK BORROWINGS

	2024 US\$	2023 US\$
Import loans	<u>3,070,229</u>	<u>-</u>

The import loans as at 31 March 2024 were denominated in US\$, interest-bearing at risk-free rate ("RFR") +2.15% per annum and were repayable within one to two months.

The interest-bearing bank borrowings as at 31 March 2024 were guaranteed by the immediate holding company and a director of the Company.

17. SHARE CAPITAL

	2024 US\$	2023 US\$
Issued and fully paid:		
1,000,000 (2023: 1,000,000) ordinary shares	<u>1,000,000</u>	<u>1,000,000</u>

18. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on page 10 of the financial statements.

# PG GROUP LIMITED

## NOTES TO FINANCIAL STATEMENTS

31 March 2024

### 19. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties based on mutually agreed terms during the year:

	2024 US\$	2023 US\$
Immediate holding company:		
Management fees paid	231,318	275,171
A fellow subsidiary		
Management fees paid	22,200	22,139
SAP Expenses	21,774	4,000
A related company:		
Sales of goods	3,564,458	9,457,489
Commission paid	<u>821,715</u>	<u>490,869</u>

- (b) Outstanding balance with a related party

The balance with a fellow subsidiary is unsecured, interest-free and repayable on demand.

- (c) Particulars of balances with a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 March 2024 US\$	Maximum amount outstanding during the year US\$	31 March 2023 US\$	Maximum amount outstanding during the year US\$
Trade receivables from				
Grupo (note 13)	1,507,469	1,507,469	1,411,201	4,356,177
Due to Grupo	<u>( 639,524)</u>	<u>-</u>	<u>( 525,991)</u>	<u>-</u>

The related company is a wholly-owned subsidiary of GES Corp. HK Limited, which is a non-controlling shareholder of the Company.

- (d) Compensation of key management personnel of the Group represented directors' remuneration as disclosed in note 7 to the financial statements.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

20. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Lease liability US\$	Interest- bearing bank borrowings US\$
At 1 April 2022	60,597	1,387,439
New lease	412,741	-
Interest expense	9,878	-
Changes from financing cash flows, net	( 97,318)	( 1,387,439)
Exchange realignment	( 5,438)	-
At 31 March 2023 and 1 April 2023	380,460	-
New lease	-	-
Interest expense	23,037	-
Changes from financing cash flows, net	( 93,092)	3,070,229
Exchange realignment	( 17,860)	-
At 31 March 2024	<u>292,545</u>	<u>3,070,229</u>

21. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets of the Group comprise trade and bills receivables, deposits and other receivables, an amount due from a fellow subsidiary, and cash and cash equivalents, which are categorised as financial assets at amortised cost. The carrying amounts of these financial assets are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

The financial liabilities of the Group comprise trade and bills payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, amounts due to a fellow subsidiary and a related company and a lease liability, which are categorised as financial liabilities at amortised cost. The carrying amounts of these financial liabilities are the amounts shown on the consolidated statement of financial position or in the corresponding notes to the financial statements.

## PG GROUP LIMITED

### NOTES TO FINANCIAL STATEMENTS

31 March 2024

#### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade and bills payables, current portion of deposits and other receivables, financial liabilities included in other payables and accruals, balances with a fellow subsidiary and a related company approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

#### 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's exposure to credit risk and liquidity risk arises in the normal course of its business. These risks are managed by the Group's financial management policies and practices described below:

##### *Credit risk*

The Group's cash and cash equivalents are held in major financial institutions, which management believes are of high credit quality. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

##### *Maximum exposure and year-end staging*

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of reporting period. The amounts presented are gross carrying amounts of the financial assets.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Credit risk (continued)*

*Maximum exposure and year-end staging (continued)*

As at 31 March 2024

	12-month ECLs Stage 1 US\$	Stage 2 US\$	Lifetime ECLs Stage 3 US\$	Simplified approach US\$	Total US\$
Trade receivables*	-	-	-	5,247,607	5,247,607
Due from a fellow subsidiary					
- Normal**	3,206,099	-	-	-	3,206,099
Deposits and other receivables					
- Normal**	28,042	-	-	-	28,042
Cash and cash equivalents					
- Not yet past due	3,179,508	-	-	-	3,179,508
	<u>6,413,649</u>	<u>-</u>	<u>-</u>	<u>5,247,607</u>	<u>11,661,256</u>

As at 31 March 2023

	12-month ECLs Stage 1 US\$	Stage 2 US\$	Lifetime ECLs Stage 3 US\$	Simplified approach US\$	Total US\$
Trade receivables*	-	-	-	4,646,137	4,646,137
Bills receivables					
- Normal**	473,104	-	-	-	473,104
Due from a fellow subsidiary					
- Normal**	795,674	-	-	-	795,674
Deposits and other receivables					
- Normal**	34,490	-	-	-	34,490
Cash and cash equivalents					
- Not yet past due	1,036,901	-	-	-	1,036,901
	<u>2,340,169</u>	<u>-</u>	<u>-</u>	<u>4,646,137</u>	<u>6,986,306</u>

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 13 to the financial statements.

\*\* The credit quality of the bills receivables, deposits and other receivables and an amount due from 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”.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Liquidity risk*

In the management of liquidity risk, the Group monitors and maintains a level of working capital deemed adequate, and maintains a balance between continuity and flexibility of funding from group companies.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024		
	On demand/ less than 1 year US\$	1 to 5 years US\$	Total US\$
Lease liability	92,409	246,424	338,833
Trade and bills payables	3,026,419	-	3,026,419
Financial liabilities included in other payables and accruals	163,698	-	163,698
Interest bearing bank borrowing	3,070,229	-	3,070,229
Due to a related company	639,524	-	639,524
	<u>6,992,279</u>	<u>246,424</u>	<u>7,238,703</u>
	2023		
	On demand/ less than 1 year US\$	1 to 5 years US\$	Total US\$
Lease liability	97,098	356,028	453,126
Trade and bills payables	1,046,534	-	1,046,534
Financial liabilities included in other payables and accruals	376,591	-	376,591
Due to a related company	525,991	-	525,991
	<u>2,046,214</u>	<u>356,028</u>	<u>2,402,242</u>

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

*Capital management*

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to the shareholders, return capital to the shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 31 March 2023.

24. COMPARATIVE AMOUNTS

The comparative amounts have been restated to conform with the current year's presentation and disclosures.

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS


31 March 2024

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2024 US\$	2023 US\$
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	707	-
Investments in subsidiaries	428,799	425,025
Total non-current assets	<u>429,506</u>	<u>425,025</u>
<b>CURRENT ASSETS</b>		
Trade and bills receivables	4,837,131	4,650,554
Prepayments and other receivables	1,568	21,645
Due from a fellow subsidiary	2,450,439	40,014
Cash and cash equivalents	2,877,801	647,458
Total current assets	<u>10,166,939</u>	<u>5,359,671</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,478,720	719,939
Other payables and accruals	296,415	232,499
Due to fellow subsidiaries	-	-
Due to a related company	639,524	525,991
Due to a subsidiary	1,533,129	1,138,002
Interest-bearing bank borrowings	2,680,859	-
Total current liabilities	<u>7,628,647</u>	<u>2,616,431</u>
<b>NET CURRENT ASSETS</b>	<u>2,538,292</u>	<u>2,743,240</u>
<b>Net assets</b>	<u>2,967,798</u>	<u>3,168,265</u>
<b>EQUITY</b>		
Share capital	1,000,000	1,000,000
Retained profits (note)	<u>1,967,798</u>	<u>2,168,265</u>
<b>Total equity</b>	<u>2,967,798</u>	<u>3,168,265</u>

.....  
Sebastian Felipe Berstein Jauregui  
Director

.....  
  
Mohandas Thekkeyil  
Director

PG GROUP LIMITED

NOTES TO FINANCIAL STATEMENTS

31 March 2024

25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's retained profits is as follows:

	Retained profits US\$
At 1 April 2022	1,788,065
Profit and total comprehensive income for the year	1,695,806
Final 2022 dividend declared	( 1,315,606)
At 31 March 2023 and at 1 April 2023	2,168,265
Profit and total comprehensive income for the year	984,117
Final 2023 dividend declared	( 1,184,584)
At 31 March 2024	<u>1,967,798</u>

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 May 2024.

**Company registration number 09390969 (England and Wales)**

**POETIC BRANDS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**POETIC BRANDS LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr A Banaik Mr E Mathews Mr B Shah (Appointed 10 April 2023)
<b>Secretary</b>	Mr K Kanodia
<b>Company number</b>	09390969
<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
<b>Auditor</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

**POETIC BRANDS LIMITED**

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# POETIC BRANDS LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The directors present the strategic report for the year ended 31 March 2024.

#### Review of the business

The results and the financial position at the year-end for the company have been satisfactory and we expect growth in the foreseeable future.

I would like to acknowledge the contributions of employees, management team, partners, and other stakeholders who have contributed to the company's success.

Various strategic initiatives such as Geographical expansion, Product innovation, Cost optimisation have been initiated which will help the company to bring long-term success and sustainable growth in a competitive marketplace.

Our focus is on driving Licensed business through long-term strategic partnership which significantly enhances medium to long-term visibility of the business and brings revenue stream for Poetic Brands Limited.

The company's key performance indicator is measured by reference to maintaining growth in net profit.

Profit before tax in 2023 of £328,800 has decreased to £257,978 which is due to the tough economic environment.

Other key financial performance indicators can be summarised as follows:

i) Improvement and efficiency of asset usage	<b>2024</b>	<b>2023</b>
a) Average credit period for trade receivables	95 days	54 days
b) Computation of number of days of purchase outstanding	68 days	41 days
c) Computation of stock turnover days	1.8 days	1.4 days
ii) Financial stability of the company	<b>2024</b>	<b>2023</b>
Working capital ratio	1.19	1.24
Liquidity ratio	1.18	1.23

# POETIC BRANDS LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### Principal risks and uncertainties

##### Key risks and uncertainties

The main risks of the company are summarised below:

*- Currency risk*

Expenses and revenue of the company are mainly denominated in USD and GBP. As a result, the company is subject to risk of foreign currency movements. It is the company's policy to monitor this risk and to take necessary steps to minimise any adverse effects.

*- Liquidity risk*

Liquidity risk is the risk that the company may encounter in meeting its financial liabilities obligations as they fall due. During the year, the company continued to be funded from liquid resources retained in the UK. The directors continue to monitor the company's liquidity, taking steps, wherever necessary, to ensure that financial obligations and commitments are met as and when they fall due.

*- Market risk*

Pressure on margins: As the competition amongst value retailers is increasing, profit margins are under constant pressure. However, the company is spreading its customer base from value retailers to high margin fashion retailers to counter this risk.

*-Credit Risk*

Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise the risk, management have appropriate credit assessment methods in place to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports.

The main uncertainty of the company is summarised below:

*-Inflationary Pressure*

Continued rise of global material cost including cotton and also increased cost of logistic services is exerting significant pressure on fashion garment industry. The Company is working along with its suppliers and customers towards providing possible solutions and improving efficiency in the supply chain to mitigate its impact.

## POETIC BRANDS LIMITED

### STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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#### Other business review

##### *- Environmental policy*

The company recognises the importance of environmental responsibilities and where practical has an environmental policy in place which includes challenging sustainability agenda including increased trading of responsibly sourced garments and recycling of paper and all office materials. The directors believe the nature of its activities has a minimal effect on the environment.

##### *- Health and safety*

The company recognises the importance of safeguarding the health, safety and welfare of its employees and has a health and safety policy in place. Regular updates are communicated to all employees.

##### *- Employees*

The company aims to ensure that the employees work in a safe and healthy environment. The company encourages the workforce to be involved by providing appropriate training, learning and career development programmes. It is also making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

On behalf of the board

*anuj banaik*

.....

Mr A Banaik

**Director**

Date: 10/05/2024  
.....

# **POETIC BRANDS LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

As stated in note 1.1, the directors have chosen to prepare the financial statements as if they were statutory financial statements for purpose of group consolidation.

#### **Principal activities**

The principal activity of the company continued to be that of import and distribution of Licensed garments. In addition, the company has now expanded its offering to include Licensed Luggage, footwear and accessories.

#### **Results and dividends**

The results for the year are set out on page 10.

An interim dividend was paid during the year of £Nil (2023: £454,000).

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik

Mr E Mathews

Mr A Gupta

Mr B Shah

(Resigned 10 April 2023)

(Appointed 10 April 2023)

#### **Future developments**

The business environment is showing signs of stabilization following the challenges of inflation, the cost of living crisis, and the global pandemic, which significantly affected the UK retail industry. Amidst rising input costs impacting the sector, Poetic Brands Limited is intensifying its efforts towards achieving agility through digitization and innovation, enhancing the company's responsiveness and delivering added value to its customers. Furthermore, the company is expanding its footprint into new geographies and new categories, while continuing its strategy of customer diversification and leveraging synergies across PDS Limited's group companies to foster overall growth and boost profitability.

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

## POETIC BRANDS LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*anuj banaik*

.....

Mr A Banaik

**Director**

10/05/2024

Date: .....

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POETIC BRANDS LIMITED

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### Opinion

We have audited the financial statements of Poetic Brands Limited (the 'company') for the year ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF POETIC BRANDS LIMITED**

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**Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF POETIC BRANDS LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the website of the Financial Reporting Council at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF POETIC BRANDS LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

10/05/2024  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

**POETIC BRANDS LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>2</b>	13,608,369	18,620,351
Cost of sales		(11,735,358)	(15,836,752)
<b>Gross profit</b>		<b>1,873,011</b>	<b>2,783,599</b>
Distribution costs		(75,334)	(192,520)
Administrative expenses		(1,434,582)	(2,169,044)
<b>Operating profit</b>	<b>3</b>	<b>363,095</b>	<b>422,035</b>
Finance costs	<b>6</b>	(105,117)	(93,235)
<b>Profit before taxation</b>		<b>257,978</b>	<b>328,800</b>
Tax on profit	<b>7</b>	(44,268)	(73,997)
<b>Profit and total comprehensive income for the financial year</b>		<b>213,710</b>	<b>254,803</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**POETIC BRANDS LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2024**

	Notes	2024 £	£	2023 £	£
<b>Non-current assets</b>					
Property, plant and equipment	9	52,773		79,118	
Investments	10	65,000		50,000	
			117,773		129,118
<b>Current assets</b>					
Inventories	12	56,873		60,682	
Trade and other receivables	13	9,843,579		6,893,066	
Cash and cash equivalents		168,573		114,119	
		10,069,025		7,067,867	
<b>Current liabilities</b>	14	(8,488,650)		(5,682,724)	
<b>Net current assets</b>			1,580,375		1,385,143
<b>Total assets less current liabilities</b>			1,698,148		1,514,261
<b>Non-current liabilities</b>	14		(25,448)		(55,271)
<b>Net assets</b>			1,672,700		1,458,990
<b>Equity</b>					
Called up share capital	19	50,000		50,000	
Retained earnings		1,622,700		1,408,990	
<b>Total equity</b>		1,672,700		1,458,990	

The financial statements were approved by the board of directors and authorised for issue on 10/05/2024 and are signed on its behalf by:

*anuj banaik*

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Mr A Banaik

**Director**

Company registration number 09390969 (England and Wales)

**POETIC BRANDS LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

	Notes	Share capital £	Retained earnings £	Total £
<b>Balance at 1 April 2022</b>		50,000	1,608,187	1,658,187
<b>Year ended 31 March 2023:</b>				
Profit and total comprehensive income		-	254,803	254,803
Transactions with owners:				
Dividends	<b>8</b>	-	(454,000)	(454,000)
<b>Balance at 31 March 2023</b>		50,000	1,408,990	1,458,990
<b>Year ended 31 March 2024:</b>				
Profit and total comprehensive income		-	213,710	213,710
<b>Balance at 31 March 2024</b>		50,000	1,622,700	1,672,700

**POETIC BRANDS LIMITED**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>		<b>2023</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	<b>24</b>		(730,973)		(466,940)
Interest paid			(105,117)		(93,235)
Income taxes paid			(34,034)		-
<b>Net cash outflow from operating activities</b>			<b>(870,124)</b>		<b>(560,175)</b>
<b>Investing activities</b>					
Purchase of investments		(15,000)		-	
<b>Net cash used in investing activities</b>			<b>(15,000)</b>		<b>-</b>
<b>Financing activities</b>					
Proceeds from borrowings		961,576		337,652	
Payment of lease liabilities		(23,046)		(16,570)	
Dividends paid		-		(454,000)	
<b>Net cash generated from/(used in) financing activities</b>			<b>938,530</b>		<b>(132,918)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>53,406</b>		<b>(693,093)</b>
Cash and cash equivalents at beginning of year			85,471		778,564
Cash and cash equivalents at end of year			138,877		85,471
<b>Relating to:</b>					
Bank balances and short term deposits			168,573		114,119
Bank overdrafts			(29,696)		(28,648)

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Poetic Brands Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

These financial statements do not reflect the consolidation of the company's subsidiaries and are not statutory financial statements. The directors have nonetheless prepared and presented on the basis they are statutory financial statements for disclosure purposes in all other aspects.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 22.

##### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

##### -Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### 1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Motor vehicles

Over lease term

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

##### 1.5 Non-current investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

##### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Financial assets held at amortised cost*

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.12 Taxation

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

###### *Current tax*

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

###### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.15 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**POETIC BRANDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****2 Revenue**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by class of business</b>		
Sale of garments	13,608,369	18,620,351

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by geographical market</b>		
UK	12,223,521	9,936,403
Rest of World	3,090	7,972,315
Europe	1,381,758	711,633
	13,608,369	18,620,351

**3 Operating profit**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(35,157)	8,200
Fees payable to the company's auditor for the audit of the company's financial statements	19,500	15,942
Depreciation of property, plant and equipment	26,345	9,920
Cost of inventories recognised as an expense	11,735,358	15,836,752

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Management and administration	6	5
Designers	11	15
Sales	10	10
Quality control	2	2
Total	29	32

**POETIC BRANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**4 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	754,893	1,326,905
Social security costs	82,175	151,329
Pension costs	11,380	28,411
	<u>848,448</u>	<u>1,506,645</u>

**5 Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	54,015	50,000
Company pension contributions to defined contribution schemes	547	-
	<u>54,562</u>	<u>50,000</u>

**6 Finance costs**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	4,929	2,621
Interest on lease liabilities	2,358	1,226
Interest on other loans	97,830	89,388
	<u>105,117</u>	<u>93,235</u>

**7 Taxation**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	44,268	66,307
Adjustments in respect of prior periods	-	7,690
<b>Total UK current tax</b>	<u>44,268</u>	<u>73,997</u>

**POETIC BRANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**7 Taxation**

**(Continued)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Profit before taxation	257,978	328,800
Expected tax charge based on a corporation tax rate of 25.00% (2023: 19.00%)	64,495	62,472
Effect of expenses not deductible in determining taxable profit	3,500	3,835
Adjustment in respect of prior years	-	7,690
Group relief surrendered	(23,727)	-
<b>Taxation charge for the year</b>	<b>44,268</b>	<b>73,997</b>

**8 Dividends**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>per share</b>	<b>per share</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Ordinary shares</b>				
Interim dividend paid	-	9.08	-	454,000

**9 Property, plant and equipment**

	<b>Motor vehicles</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2023	89,038
At 31 March 2024	89,038
<b>Accumulated depreciation and impairment</b>	
At 1 April 2023	9,920
Charge for the year	26,345
At 31 March 2024	36,265
<b>Carrying amount</b>	
At 31 March 2024	52,773
At 31 March 2023	79,118

**POETIC BRANDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****9 Property, plant and equipment****(Continued)**

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Net values at the year end</b>		
Motor vehicles	52,773	79,118
	=====	=====
<b>Total additions in the year</b>	-	89,038
	=====	=====
<b>Depreciation charge for the year</b>		
Motor vehicles	26,345	9,920
	=====	=====

**10 Investments**

	<b>Current</b>		<b>Non-current</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiaries	-	-	50,000	50,000
Investments held at amortised cost	-	-	15,000	-
	=====	=====	=====	=====
	-	-	65,000	50,000
	=====	=====	=====	=====

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

**Fair value of financial assets carried at amortised cost**

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

**POETIC BRANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**10 Investments (Continued)**

**Movements in non-current investments**

	<b>Shares in subsidiaries £</b>	<b>Other investments £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2023	50,000	-	50,000
Additions	-	15,000	15,000
At 31 March 2024	50,000	15,000	65,000
<b>Carrying amount</b>			
At 31 March 2024	50,000	15,000	65,000
At 31 March 2023	50,000	-	50,000

**11 Subsidiaries**

Details of the company's subsidiaries at 31 March 2024 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Class of shares held</b>	<b>% Held</b>	
			<b>Direct</b>	<b>Indirect</b>
Recovered Clothing Limited	Quadrant House, Floor 6, 4 Thomas More Square, London, United Kingdom	Ordinary	75.00	-
Sunny Up Limited	Unit 1 Chivenor Business Park, Barnstaple, Devon, United Kingdom, EX31 4AY	Ordinary	-	75.00

Sunny Up Limited is a wholly owned subsidiary of Recovered Clothing Limited.

**12 Inventories**

	<b>2024 £</b>	<b>2023 £</b>
Finished goods	56,873	60,682

**POETIC BRANDS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**13 Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade receivables	3,637,206	2,826,639
Provision for bad and doubtful debts	(105,988)	(85,000)
	<u>3,531,218</u>	<u>2,741,639</u>
VAT recoverable	53,436	130,460
Amounts owed by subsidiary undertakings	4,697,366	2,991,608
Other receivables	218,645	103,313
Prepayments and accrued income	1,342,914	926,046
	<u>9,843,579</u>	<u>6,893,066</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

**14 Liabilities**

		<b>Current</b>		<b>Non-current</b>	
	<b>Notes</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Borrowings	<b>15</b>	1,987,415	1,030,349	-	-
Trade and other payables	<b>16</b>	6,292,143	4,456,405	-	-
Corporation tax		147,127	136,893	-	-
Other taxation and social security		37,991	41,880	-	-
Lease liabilities	<b>17</b>	23,974	17,197	25,448	55,271
		<u>8,488,650</u>	<u>5,682,724</u>	<u>25,448</u>	<u>55,271</u>

**15 Borrowings**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Borrowings held at amortised cost:</b>		
Bank overdrafts	29,696	28,648
Directors' loans	-	5,558
Other loans	1,957,719	996,143
	<u>1,987,415</u>	<u>1,030,349</u>
	<u>1,987,415</u>	<u>1,030,349</u>

**POETIC BRANDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****15 Borrowings****(Continued)**

HSBC has a fixed and floating charge over the assets of the company.

The carrying value of all the company's short-term borrowings approximate to their fair value as at the balance sheet date.

**16 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade payables	2,176,292	1,760,982
Amount owed to parent undertaking	-	272,400
Accruals and deferred income	1,044,286	918,083
Other payables	3,071,565	1,504,940
	<u>6,292,143</u>	<u>4,456,405</u>

**17 Lease liabilities**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Maturity analysis</b>		
Within one year	25,404	31,688
In two to five years	31,430	56,834
	<u>56,834</u>	<u>88,522</u>
Total undiscounted liabilities	56,834	88,522
Future finance charges and other adjustments	(7,412)	(16,054)
	<u>49,422</u>	<u>72,468</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Current liabilities	23,974	17,197
Non-current liabilities	25,448	55,271
	<u>49,422</u>	<u>72,468</u>

**POETIC BRANDS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2024****17 Lease liabilities****(Continued)**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	2,358	1,226
	<u>          </u>	<u>          </u>

**18 Retirement benefit schemes**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	11,380	28,411
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**19 Share capital**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# POETIC BRANDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 20 Related party transactions

	Sales in the period		Purchases in the period		Amounts owed from/(to)	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
PDS Sourcing Limited	-	-	-	-	-	(272,400)
Multinational Textile Group Limited, Mauritius	-	-	135,448	113,562	-	-
Norlanka Manufacturing Limited	-	-	1,503,923	1,725,034	(254,744)	(107,265)
Poeticgem International Limited, Hong Kong	-	-	-	150,986	-	-
Norwest Industries Limited, Hong Kong	-	-	-	-	-	(4,761)
Poeticgem Limited.	-	-	180,000	180,000	(2,781,680)	(1,236,487)
Design Arc Aisa Limited	-	-	-	-	(11,535)	-
Recovered Clothing Limited	964,362	1,335,513	-	-	4,669,894	2,991,608
Brand Collective Limited	-	-	-	-	19,949	-
PDS Fashions Limited	-	-	-	-	(7,950)	(1,350)
Clover Collections FZCO	-	-	-	-	38,316	-
Sunny Up Limited	-	-	-	-	27,472	-

The above balances are interest free and repayable on demand.

Norwest Industries Limited, Hong Kong and Poeticgem International Limited, Hong Kong are fellow subsidiaries of PDS Sourcing Limited, Mauritius.

Poetic Brands Limited owns 75% share in Recovered Clothing Limited. Sunny Up Limited is a subsidiary of Recovered Clothing Limited.

Norwest Industries Limited, Hong Kong owns 98% share in Design Arc Asia Limited, Hong Kong, 95% in Norlanka Manufacturing Limited and 97% share in Brand Collective Limited.

Poeticgem Limited and PDS Fashions Limited are subsidiaries of PDS Sourcing Limited, Mauritius.

DIZBI Private Limited is a subsidiary of PDS Limited.

PDS Multinational FZCO owns 75% of Clover Collections FZCO. PDS Multinational FZCO is 100% owned by Multinational Textile Group Limited

Multinational Textile Group Limited is a subsidiary of PDS Limited.

## POETIC BRANDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 21 Financial risk management

##### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

##### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2024, the company held cash and cash equivalents of £168,573 (2023: £114,119).

##### *Foreign currency risk*

The company's functional and presentation currency and the majority of its spending are in GBP. When a transaction is in USD or EURO, it will be paid or received through the USD/EURO bank account limiting exposure to any currency risk. The company has both purchases and sales in USD/EURO and as such the net exposure is minimised. Therefore, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

## POETIC BRANDS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 22 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

#### 23 Directors' transactions

During the year Elliot Mathews received dividends of £Nil (2023: 181,600). At the year end the company was owed £95,442 (2023: £5,558 owed to) by Elliot Mathews.

#### 24 Cash absorbed by operations

	2024 £	2023 £
Profit for the year before income tax	257,978	328,800
<b>Adjustments for:</b>		
Finance costs	105,117	93,235
Depreciation and impairment of property, plant and equipment	26,345	9,920
<b>Movements in working capital:</b>		
Decrease/(increase) in inventories	3,809	(8,002)
(Increase)/decrease in trade and other receivables	(2,950,513)	703,601
Increase/(decrease) in trade and other payables	1,826,291	(1,594,494)
<b>Cash absorbed by operations</b>	<u>(730,973)</u>	<u>(466,940)</u>

**POETIC BRANDS LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**POETIC BRANDS LIMITED****DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 £	2024 £	2023 £	2023 £
<b>Revenue</b>				
Sales of goods		13,608,369		18,620,351
<b>Cost of sales</b>		(11,735,358)		(15,836,752)
<b>Gross profit</b>	13.76%	1,873,011	14.95%	2,783,599
<b>Distribution costs</b>		(75,334)		(192,520)
<b>Administrative expenses</b>		(1,434,582)		(2,169,044)
<b>Operating profit</b>		363,095		422,035
<b>Finance costs</b>				
Bank interest on loans and overdrafts	4,929		2,621	
Hire purchase interest payable	2,358		1,226	
Factoring charges	97,830		89,388	
		(105,117)		(93,235)
<b>Profit before taxation</b>	1.90%	257,978	1.77%	328,800

**POETIC BRANDS LIMITED****SCHEDULES TO THE INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Cost of sales</b>		
Opening stock of finished goods	60,682	52,680
<i>Purchases and other direct costs</i>		
Direct costs	11,699,840	15,785,924
Carriage inwards and import duty	31,709	58,830
Total purchases and other direct costs	11,731,549	15,844,754
Total cost of sales	11,735,358	15,836,752
<b>Distribution costs</b>		
Commission payable	41,816	150,986
Sample costs	33,518	41,534
	75,334	192,520

**POETIC BRANDS LIMITED****SCHEDULES TO THE INCOME STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Wages and salaries	704,893	1,276,905
Social security costs	82,175	151,329
Subcontract labour	6,942	19,708
Staff recruitment costs	3,625	4,160
Staff welfare	7,260	10,591
Staff training	1,250	397
Staff pension costs defined contribution	10,833	28,411
Directors' remuneration	50,000	50,000
Directors' pension costs - defined contribution scheme	547	-
Management charge	180,000	180,000
Computer running costs	6,998	16,218
Travelling expenses	75,696	55,272
Postage, courier and delivery charges	1,214	12,873
Professional subscriptions	34,698	10,550
Legal and professional fees	8,749	21,550
Consultancy fees	70,335	81,008
Accountancy	15,040	12,668
Audit fees	19,500	15,942
Charitable donations	-	950
Bank charges	11,999	24,926
Bad and doubtful debts	20,988	30,000
Insurances (not premises)	8,204	17,551
Books, periodicals, reference materials	-	144
Other office supplies	-	9,825
Entertaining	14,001	18,751
Corporate charges	108,447	101,195
Depreciation	26,345	9,920
Profit or loss on foreign exchange	(35,157)	8,200
	<u>1,434,582</u>	<u>2,169,044</u>

**Company registration number 02608346 (England and Wales)**

**POETICGEM LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**POETICGEM LIMITED**

**COMPANY INFORMATION**

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<b>Directors</b>	Mr A Banaik Dr A Bhupatkar Mr K Kanodia Mr A Kanoi
<b>Secretary</b>	Mr K Kanodia
<b>Company number</b>	02608346
<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
<b>Auditor</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW

**POETICGEM LIMITED**

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**POETICGEM LIMITED**

**STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present the strategic report for the year ended 31 March 2024.

**Review of the business**

The results for the year and the financial position at the year-end for the company were considered satisfactory by the directors who expect growth in the foreseeable future.

The company's key performance indicator is measured by reference to maintaining growth in net profit.

Profit before tax in 2023 of £4,300,719 has decreased to £453,240. This is due to the fact that the prior year profit includes profit on the sale of an investment property of £3,750,528.

Other key financial performance indicators can be summarised as follows:

i) Improvement and efficiency of asset usage	<b>2024</b>	<b>2023</b>
a) Average credit period for trade receivables	38 days	12 days
ii) Financial stability of the company	<b>2024</b>	<b>2023</b>
Working capital ratio	2.75:1	3.23:1
Liquidity ratio	2.70:1	3.15:1

# POETICGEM LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### **Principal risks and uncertainties**

The main risks of the company are summarised below:

*- Currency risk*

Expenses and revenue of the company are mainly denominated in USD and GBP. As a result, the company is subject to risk of foreign currency movements. It is the company's policy to monitor this risk and to take necessary steps to minimise any adverse effects.

*- Liquidity risk*

Liquidity risk is the risk that the company may encounter in meeting its financial liabilities obligations as they fall due. During the year, the company continued to be funded from liquid resources retained in the UK. The directors continue to monitor the company's liquidity, taking steps, wherever necessary, to ensure that financial obligations and commitments are met as and when they fall due.

*- Market risk*

Pressure on margins: As the competition amongst value retailers is increasing, profit margins are under constant pressure. However, the company is spreading its customer base from value retailers to high margin fashion retailers to counter this risk.

*-Credit Risk*

Credit risk arises from trade receivables where the party fails to discharge their obligation in relation to the instrument. To minimise the risk, management have appropriate credit assessment methods in place to establish credit worthiness of new customers and monitor receivables by regularly reviewing aged receivable reports.

The main uncertainties of the company are summarised below:

*-Inflationary Pressure*

Continued rise of global material cost including cotton and also increased cost of logistic services is exerting significant pressure on fashion garment industry. The Company is working along with its suppliers and customers towards providing possible solutions and improving efficiency in the supply chain to mitigate its impact.

# POETICGEM LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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### Other information and explanations

#### - *Environmental policy*

The company recognises the importance of environmental responsibilities and where practical has an environmental policy in place which includes challenging sustainability agenda including increased trading of responsibly sourced garments and recycling of paper and all office materials. The directors believe the nature of its activities has a minimal effect on the environment.

#### - *Health and safety*

The company recognises the importance of safeguarding the health, safety and welfare of its employees and has a health and safety policy in place. Regular updates are communicated to all employees.

#### - *Employees*

The company aims to ensure that the employees work in a safe and healthy environment. The company encourages the workforce to be involved by providing appropriate training, learning and career development programmes. It is also making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

On behalf of the board

*Krishna Kanodia*

.....

Mr K Kanodia

**Director**

Date: 09/05/2024  
.....

# **POETICGEM LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The company's primary activities include Designing, Importing, and Distribution of Cloths, alongside Conceptualizing and Curating Brands.

#### **Results and dividends**

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Future developments**

The business environment is showing signs of stabilization following the challenges of inflation, the cost of living crisis, and the global pandemic, which significantly affected the UK retail industry. Amidst rising input costs impacting the sector, Poeticgem is intensifying its efforts towards achieving agility through digitization and innovation, enhancing the company's responsiveness and delivering added value to its customers. Furthermore, the company is progressively venturing into the proprietary brands segment, while continuing its strategy of customer diversification and leveraging synergies across PDS Limited's group companies to foster overall growth and boost profitability.

#### **Going concern**

The directors confirm that, having reviewed the company's forecasts, they consider that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik  
Dr A Bhupatkar  
Mr K Kanodia  
Mr A Kanoi

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

# POETICGEM LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board

*Krishna Kanodia*

.....  
Mr K Kanodia

**Director**

Date: 09/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POETICGEM LIMITED

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### Opinion

We have audited the financial statements of Poeticgem Limited (the 'company') for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF POETICGEM LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF POETICGEM LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF POETICGEM LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 09/05/2024  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

**POETICGEM LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>3</b>	22,546,170	21,408,955
Cost of sales		(8,849,470)	(9,275,130)
<b>Gross profit</b>		<b>13,696,700</b>	<b>12,133,825</b>
Other operating income		129,338	195,588
Distribution costs		(1,485,056)	(1,070,228)
Administrative expenses		(11,863,180)	(10,683,617)
<b>Operating profit</b>	<b>4</b>	<b>477,802</b>	<b>575,568</b>
Investment revenues	<b>8</b>	8,024	923
Finance costs	<b>9</b>	(32,586)	(26,300)
Other gains and losses	<b>10</b>	-	3,750,528
<b>Profit before taxation</b>		<b>453,240</b>	<b>4,300,719</b>
Income tax expense	<b>11</b>	(111,592)	(580,915)
<b>Profit and total comprehensive income for the year</b>		<b>341,648</b>	<b>3,719,804</b>

The income statement has been prepared on the basis that all operations are continuing operations.

**POETICGEM LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2024**

	Notes	2024 £	2023 £
<b>Non-current assets</b>			
Intangible assets	13	1,146,187	344,534
Property, plant and equipment	14	984,962	1,009,392
Investments	15	44,278	49,436
Other receivables	17	65,676	69,294
		<u>2,241,103</u>	<u>1,472,656</u>
<b>Current assets</b>			
Inventories	16	314,522	364,464
Trade and other receivables	17	14,283,762	8,057,219
Cash and cash equivalents		718,963	5,955,666
		<u>15,317,247</u>	<u>14,377,349</u>
<b>Current liabilities</b>			
Trade and other payables	19	3,817,846	3,408,124
Current tax liabilities		787,803	682,803
Borrowings	20	656,234	-
Lease liabilities	23	223,933	309,433
		<u>5,485,816</u>	<u>4,400,360</u>
<b>Net current assets</b>		<u>9,831,431</u>	<u>9,976,989</u>
<b>Non-current liabilities</b>			
Lease liabilities	23	341,520	362,298
Deferred tax liabilities	24	53,467	46,875
		<u>394,987</u>	<u>409,173</u>
<b>Net assets</b>		<u>11,677,547</u>	<u>11,040,472</u>
<b>Equity</b>			
Called up share capital	27	50,000	50,000
Cashflow hedge	28	10,647	(66,448)
Share-based payments reserve	29	958,926	740,594
Retained earnings		10,657,974	10,316,326
<b>Total equity</b>		<u>11,677,547</u>	<u>11,040,472</u>

**POETICGEM LIMITED**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 MARCH 2024**

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The financial statements were approved by the board of directors and authorised for issue on 09/05/2024 and are signed on its behalf by:

*Krishna Kanodia*

.....

Mr K Kanodia

**Director**

Company registration number 02608346 (England and Wales)

**POETICGEM LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

		Share capital	Cashflow hedge	Share- based payments reserve	Retained earnings	Total
	Notes	£	£	£	£	£
<b>Balance at 1 April 2022</b>		50,000	31,080	331,525	9,296,522	9,709,127
<b>Year ended 31 March 2023:</b>						
Profit and total comprehensive income		-	-	-	3,719,804	3,719,804
Transactions with owners:						
Dividends	12	-	-	-	(2,700,000)	(2,700,000)
Other movements		-	(97,528)	409,069	-	311,541
<b>Balance at 31 March 2023</b>		50,000	(66,448)	740,594	10,316,326	11,040,472
<b>Year ended 31 March 2024:</b>						
Profit and total comprehensive income		-	-	-	341,648	341,648
Transactions with owners:						
Other movements		-	77,095	218,332	-	295,427
<b>Balance at 31 March 2024</b>		50,000	10,647	958,926	10,657,974	11,677,547

**POETICGEM LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>		<b>2023</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	<b>35</b>		(4,546,281)		1,945,523
Interest paid			(32,586)		(26,300)
Income taxes paid			-		(16,837)
<b>Net cash (outflow)/inflow from operating activities</b>			<b>(4,578,867)</b>		<b>1,902,386</b>
<b>Investing activities</b>					
Purchase of intangible assets		(801,653)		(344,534)	
Purchase of property, plant and equipment		(193,394)		(146,236)	
Proceeds from disposal of investment property		-		5,918,297	
Proceeds from disposal of subsidiaries		-		856,445	
Proceeds from disposal of investments		5,158		1,172	
Interest received		8,024		923	
<b>Net cash (used in)/generated from investing activities</b>			<b>(981,865)</b>		<b>6,286,067</b>
<b>Financing activities</b>					
Proceeds from new bank loans		402,677		-	
Repayment of bank loans		-		(9,228)	
Payment of lease liabilities		(332,205)		(213,760)	
Dividends paid		-		(2,700,000)	
<b>Net cash generated from/(used in) financing activities</b>			<b>70,472</b>		<b>(2,922,988)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(5,490,260)</b>		<b>5,265,465</b>
Cash and cash equivalents at beginning of year			5,955,666		690,201
Cash and cash equivalents at end of year			465,406		5,955,666
<b>Relating to:</b>					
Bank balances and short term deposits			718,963		5,955,666
Bank overdrafts			(253,557)		-

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Poeticgem Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

##### -Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

##### -Commission receivable

Commission receivable is earned when the supplier delivers to the end customers.

##### -Rental income

Rental income is earned at arm's length on the freehold property which is occupied by a third party. Rental income under operating leases is credited to the statement of comprehensive income on a straight line basis over the term of the lease.

##### -Interest income

Interest revenue is accrued on a time basis by reference to the principal outstanding and the effective interest rate applicable.

##### -Corporate income

Corporate income represents the recovery of cost of services rendered by senior management. It is accounted for on an accrual basis.

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 1 Accounting policies

(Continued)

##### 1.4 Intangible assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Product Development Costs	3 years straight line
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The product is in its development stage and will be amortised once the product has been launched.

##### 1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	1% straight line on long lease and over lease term for short lease
Fixtures, fittings & equipment	25% reducing balance
Plant and machinery	33.33% reducing balance
Motor vehicles	25% reducing balance

##### 1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

##### 1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

##### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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1 Accounting policies

(Continued)

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

*Financial assets held at amortised cost*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

*Financial assets at fair value through other comprehensive income*

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Available-for-sale assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Available-for-sale financial assets are stated at fair value.

*Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

*Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### 1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

##### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.12 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are classified as current.

##### 1.13 Taxation

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

##### *Current tax*

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

**1 Accounting policies**

**(Continued)**

***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.16 Share-based payments**

The parent company PDS Limited (formerly PDS Multinational Fashions Limited) has issued share options to certain directors and employees. These are measured at fair value and recognised as an expense in the profit and loss account with a corresponding increase in equity. The fair value of the options was estimated at the date of grant using the Black - Scholes option pricing model. The fair value will be charged as an expense in the profit or loss account over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**1 Accounting policies**

**(Continued)**

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**1.17 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

When the company acts as a lessor, leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees, over the major part of the economic life of the asset. All other leases are classified as operating leases. If an arrangement contains lease and non-lease components, the company applies IFRS 15 to allocate the consideration in the contract. When the company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately, classifying the sub-lease with reference to the right-of-use asset arising from the head lease instead of the underlying asset.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

**2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Critical judgements**

**Share-based payments**

The Group operates an employee compensation scheme, settled in equity. The fair value of equity-settled share-based payment arrangements requires significant judgement in the determination of the valuation of options, or the assumptions regarding vesting conditions being met, which will affect the expense recognised during the period.

These assumptions include the future volatility of the Company's share price, future dividend yield and the rate at which awards will lapse or be forfeited. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. The fair value attributed to the awards, and hence the charge made in the income statement, could be materially affected should different assumptions be made to those applied by the Group. Details of these assumptions are set out in note 24. The Group uses a professional valuer in the determination of the fair value of options at grant date.

**Development costs**

The director would assess and apply judgement on whether costs incurred in the development of the intangible assets meet the conditions required for capitalisation.

**Valuation of lease liability & right-of-use asset**

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

**Key sources of estimation uncertainty**

**Interest-bearing loans and borrowings**

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the statement of comprehensive income using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 2 Critical accounting estimates and judgements

(Continued)

##### Derivative financial instruments and hedge accounting

The company uses derivative financial instruments such as forward currency contracts to hedge its exposure to exchange rate movements on merchandise purchases, certain other costs and sales denominated in foreign currencies.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The company applies cash flow hedge accounting whereby changes in the fair value of the hedging instrument are recognised directly in equity rather than the statement of comprehensive income. When the hedged item is recognised in the financial statements, the accumulated gains and losses are removed from equity and recognised in the profit and loss.

Hedge effectiveness testing is carried out retrospectively and prospectively and where ineffectiveness arises on hedged item, the changes in fair value are taken directly to the statement of comprehensive income for the year.

#### 3 Revenue

An analysis of the company's revenue is as follows:

	2024	2023
	£	£
<b>Revenue analysed by class of business</b>		
Sale of garments	8,939,626	8,004,260
Commission receivable	13,606,544	13,404,695
	<u>22,546,170</u>	<u>21,408,955</u>
	2024	2023
	£	£
<b>Revenue analysed by geographical market</b>		
UK	8,155,559	7,875,204
Europe	13,989,277	129,056
Rest of the world	401,334	13,404,695
	<u>22,546,170</u>	<u>21,408,955</u>

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****4 Operating profit**

	<b>2024</b>	<b>2023</b>
Operating profit for the year is stated after charging/(crediting):	<b>£</b>	<b>£</b>
Exchange losses	193,502	264,680
Depreciation of property, plant and equipment	443,751	418,975
Depreciation of investment property	-	10,213
Cost of inventories recognised as an expense	8,849,470	9,275,130
Share-based payments	218,332	409,069
	<u>          </u>	<u>          </u>

**5 Auditor's remuneration**

	<b>2024</b>	<b>2023</b>
Fees payable to the company's auditor and associates:	<b>£</b>	<b>£</b>
<b>For audit services</b>		
Audit of the financial statements of the company	30,806	25,000
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Other services	58,028	45,833
	<u>          </u>	<u>          </u>

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Designers	58	52
Sales	29	34
Management and administration	24	14
Quality Control	15	13
	<u>          </u>	<u>          </u>
Total	126	113
	<u>          </u>	<u>          </u>

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****6 Employees (Continued)**

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	7,998,956	7,225,994
Social security costs	1,015,036	848,027
Pension costs	129,905	120,378
	<u>9,143,897</u>	<u>8,194,399</u>

**7 Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	533,757	524,467
Company pension contributions to defined contribution schemes	2,311	1,321
	<u>536,068</u>	<u>525,788</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2023 - 2).

The number of directors who exercised share options during the year was 2 (2023 - 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 2 (2023 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	430,054	419,677
Company pension contributions to defined contribution schemes	991	-
	<u>431,045</u>	<u>419,677</u>

The highest paid director has exercised share options during the year.

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

(Continued)

**8 Investment income**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Financial instruments measured at amortised cost:		
Bank deposits	8,024	923

Income above relates to assets held at amortised cost, unless stated otherwise.

**9 Finance costs**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	9,481	5,299
Interest on lease liabilities	23,105	20,406
Other interest payable	-	595
<b>Total interest expense</b>	<b>32,586</b>	<b>26,300</b>

**10 Other gains and losses**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Disposal of investment property	-	3,750,528

**11 Income tax expense**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	105,000	620,041
Adjustments in respect of prior periods	-	(46,001)
<b>Total UK current tax</b>	<b>105,000</b>	<b>574,040</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	6,592	6,875
<b>Total tax charge</b>	<b>111,592</b>	<b>580,915</b>

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**11 Income tax expense**

**(Continued)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Profit before taxation	453,240	4,300,719
Expected tax charge based on a corporation tax rate of 23.52% (2023: 19.00%)	106,602	817,137
Effect of expenses not deductible in determining taxable profit	-	16,714
Adjustment in respect of prior years	-	(46,001)
Timing differences	(1,602)	9,095
Fixed asset differences	6,592	(734,680)
Chargeable gains/(losses)	-	518,650
<b>Taxation charge for the year</b>	<b>111,592</b>	<b>580,915</b>

**12 Dividends**

	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>per share</b>	<b>per share</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Ordinary shares</b>				
Final dividend paid	-	54.00	-	2,700,000

**13 Intangible assets**

	<b>Product Development Costs</b>
	<b>£</b>
<b>Cost</b>	
Additions	344,534
At 31 March 2023	344,534
Additions - purchased	801,653
At 31 March 2024	1,146,187
<b>Carrying amount</b>	
At 31 March 2024	1,146,187
At 31 March 2023	344,534

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**13 Intangible assets**

**(Continued)**

**14 Property, plant and equipment**

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 April 2022	2,493,916	1,803,866	904,447	147,362	5,349,591
Additions	309,470	131,348	14,888	146,431	602,137
At 31 March 2023	2,803,386	1,935,214	919,335	293,793	5,951,728
Additions	94,490	154,024	63,531	107,276	419,321
At 31 March 2024	2,897,876	2,089,238	982,866	401,069	6,371,049
<b>Accumulated depreciation and impairment</b>					
At 1 April 2022	2,005,817	1,514,408	869,150	133,986	4,523,361
Charge for the year	235,187	121,241	20,680	41,867	418,975
At 31 March 2023	2,241,004	1,635,649	889,830	175,853	4,942,336
Charge for the year	233,317	167,401	2,854	40,179	443,751
At 31 March 2024	2,474,321	1,803,050	892,684	216,032	5,386,087
<b>Carrying amount</b>					
At 31 March 2024	423,555	286,188	90,182	185,037	984,962
At 31 March 2023	562,382	299,565	29,505	117,940	1,009,392

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b>	<b>2023</b>
	£	£
<b>Net values at the year end</b>		
Property	345,221	520,516
Motor vehicles	192,649	159,807
	537,870	680,323
<b>Total additions in the year</b>	225,927	453,099

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****14 Property, plant and equipment (Continued)****Depreciation charge for the year**

Property	241,344	235,186
Motor vehicles	56,744	41,867
	<u>298,088</u>	<u>277,053</u>

**15 Investments**

	<b>Current</b>		<b>Non-current</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other investments	-	-	44,278	49,436
	<u>-</u>	<u>-</u>	<u>44,278</u>	<u>49,436</u>

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

**Fair value of financial assets carried at amortised cost**

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

**16 Inventories**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Finished goods	314,522	364,464
	<u>314,522</u>	<u>364,464</u>

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**17 Trade and other receivables**

	<b>Current</b>		<b>Non-current</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade receivables	2,336,445	680,727	-	-
VAT recoverable	377,570	240,230	-	-
Amounts owed by fellow group undertakings	10,297,885	6,415,891	-	-
Amounts owed by related parties	145,902	12,996	-	-
Other receivables	629,209	552,105	65,676	69,294
Prepayments	496,751	155,270	-	-
	<u>14,283,762</u>	<u>8,057,219</u>	<u>65,676</u>	<u>69,294</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

**18 Trade receivables - credit risk**

**Fair value of trade receivables**

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

**19 Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade payables	1,129,386	802,761
Amounts owed to fellow group undertakings	1,461,793	1,255,806
Amounts owed to related parties	3,568	2,484
Accruals	678,303	1,017,328
Social security and other taxation	452,192	230,077
Other payables	92,604	99,668
	<u>3,817,846</u>	<u>3,408,124</u>

**20 Borrowings**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Borrowings held at amortised cost:</b>		
Bank overdrafts	253,557	-
Bank loans	402,677	-

## POETICGEM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 20 Borrowings

(Continued)

Bank loans are arranged at floating rates, thus exposing the company to cash flow interest rate risk.

The other principal features of the company's borrowings are as follows:

i) Bank overdrafts are repayable on demand. The average effective interest rate on bank overdrafts approximates to 2.1 percent per annum and is determined based on 2 percent plus base rate.

At 31 March 2024, the company had available £2,500,000 (2023: £2,500,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The company has advances from factors that are secured by a charge on the trade receivables of the company.

The carrying value of all the company's long term borrowings approximate to their fair value as at the balance sheet date.

#### 21 Fair value of financial liabilities

Except as detailed below, the directors consider that the carrying amounts of financial liabilities carried at amortised cost in the financial statements approximate to their fair values.

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****22 Derivative financial instruments**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Forward foreign exchange (fair value)	10,648	(66,448)
	<u>=====</u>	<u>=====</u>

The terms of the forward foreign exchange contracts have been negotiated to match the terms of the commitments referred to below.

The cash flow hedges of the expected future purchases were assessed to be highly effective and as at 31 March 2024, a recognised gain of £10,648 (2023: loss of £66,448) was included in the hedging reserves in respect of these contracts.

At the balance sheet date, the total notional amounts of outstanding forward foreign exchange contracts that the group has committed to are as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Forward foreign exchange contracts (cash flow hedges)	2,163,943	3,687,951
	<u>=====</u>	<u>=====</u>

These commitments have been entered into to hedge against future payments to suppliers in the ordinary course of business.

**23 Lease liabilities**

	<b>2024</b>	<b>2023</b>
<b>Maturity analysis</b>	<b>£</b>	<b>£</b>
Within one year	239,892	309,433
In two to five years	355,597	399,645
	<u>-----</u>	<u>-----</u>
Total undiscounted liabilities	595,489	709,078
Future finance charges and other adjustments	(30,036)	(37,347)
	<u>-----</u>	<u>-----</u>
Lease liabilities in the financial statements	<u>=====</u>	<u>=====</u>

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****23 Lease liabilities****(Continued)**

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Current liabilities	223,933	309,433
Non-current liabilities	341,520	362,298
	<u>565,453</u>	<u>671,731</u>

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>23,105</u>	<u>20,406</u>

Other leasing information is included in note 31.

**24 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	<b>ACAs</b>
	<b>£</b>
Liability at 1 April 2022	40,000
<b>Deferred tax movements in prior year</b>	
Charge/(credit) to profit or loss	<u>6,875</u>
Liability at 1 April 2023	46,875
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	<u>6,592</u>
Liability at 31 March 2024	<u>53,467</u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

**25 Retirement benefit schemes**

	<b>2024</b>	<b>2023</b>
<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
Charge to profit or loss in respect of defined contribution schemes	129,905	120,378

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**26 Share-based payments**

	<b>Number of share options</b>		<b>Average exercise price</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>	<b>INR</b>	<b>INR</b>
Outstanding at 1 April 2023	1,047,500	1,027,500	162.70	162.70
Granted in the period	-	20,000	-	240.00
Forfeited in the period	(72,500)	-	219.00	-
Exercised in the period	(424,625)	-	137.26	-
Outstanding at 31 March 2024	550,375	1,047,500	174.91	162.70

**Options outstanding**

The options outstanding at 31 March 2024 has an exercise price in range of INR 137.26 to INR 219.00 (2023: INR 162.70 to INR 240) and a weighted average contractual life of 1.6 years (2023 : 2.6 years). The weighted-average share price at the date of exercise for share options exercised in 2024 was INR137.26 (2023: no options exercised).

**Expenses**

Related to equity settled share based payments	218,332	409,069
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# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 26 Share-based payments

(Continued)

Share options were granted to the employees of the company on 03/07/2021 and 22/10/2021. There are performance conditions attached to these options. Options granted under this plan vest as follows;

For the Share options granted on 03/07/2021

- a. 30% of the options vest at the end of 1st year from the date of Grant,
- b. 30% of the options vest at the end of 2nd year from the date of Grant,
- c. 40% of the options vest at the end of 3rd year from the date of Grant,

Exercise of an option is subject to continuous employment and fulfilling the conditions as set out in the grant letter.

For the Share options granted on 22/10/2021

- a. 25% of the options vest at the end of 1st year from the date of Grant,
- b. 25% of the options vest at the end of 2nd year from the date of Grant,
- c. 25% of the options vest at the end of 3rd year from the date of Grant,
- d. 25% of the options vest at the end of 4th year from the date of Grant,

Exercise of an option is subject to continuous employment and fulfilling of certain conditions as mentioned in the grant letter.

Both options were valued used the Black-Scholes option-pricing model. The fair value per option granted and the assumptions used in the calculations are as follows;

Grant date	03/07/2021	22/10/2021
Share price at grant date	INR 199.80	INR 273.80
Exercise price	INR 130.00	INR 219.00
Number of employees	1	16
Shares under option	650,000	377,500
Vesting period (years)	3	4
Option life (years)	3	4
Expected life (years)	3	4
Fair value per option;		
Year 1	INR 83.80	INR 94.80
Year 2	INR 90.00	INR 107.00
Year 3	INR 95.40	INR 117.20
Year 4	-	INR 125.20

The exercise price, and hence the fair value, of the options is denominated in INR and has been translated in the table above at the exchange rate on the date of grant being INR 103.194 = £1.

#### 27 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

**POETICGEM LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024****28 Cashflow hedge**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	(66,448)	31,080
Other movements	77,095	(97,528)
	<u>          </u>	<u>          </u>
At the end of the year	<u>10,647</u>	<u>(66,448)</u>

**29 Share-based payments reserve**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
At the beginning of the year	740,594	331,525
Other movements	218,332	409,069
	<u>          </u>	<u>          </u>
At the end of the year	<u>958,926</u>	<u>740,594</u>

**30 Contingent liabilities**

At 31 March 2024, the company had the following contingent liabilities;

The company's bankers, HSBC plc have given the following guarantee on behalf of the group:

HM Revenue and Customs	£500,000
RBS PLC	£36,935

The bank has a fixed and floating charge over the assets of the company which is supported by a debenture dated 11 September 2012.

The company has agreed to act as a guarantor in respect of properties leased by fellow group entities.

The total rents payable on these leases for the term of the leases are as follows;

	<b>2024</b>
	<b>£</b>
Future rents payable	694,308

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 31 Other leasing information

##### Lessee

Amounts recognised in profit or loss as an expense during the period in respect of lease arrangements are as follows:

	2024 £	2023 £
Expense relating to short-term leases	17,152	27,969
Expense relating to variable lease payments not included in lease liabilities	91,839	123,493
	<u>          </u>	<u>          </u>

Information relating to lease liabilities is included in note 23.

#### 32 Capital risk management

The company aims to manage its overall capital to ensure that it continues to operate as a going concern and maintains sufficient financial flexibility to undertake planned investments, whilst providing adequate return to shareholders.

The company's capital structure is reviewed on a quarterly basis to ensure that an appropriate level of gearing is being used.

The company calculates its gearing ratio as borrowings, including current and non-current borrowings, divided by total capital as represented by borrowings less cash and cash equivalents plus total equity.

# POETICGEM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 33 Related party transactions

	Rent/commission and other income		Purchases/commission and other expenses		Amounts owed from/(to) related party	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
Norwest Industries Limited	77,118	164,898	-	-	96,545	36,833
Nor Lanka Manufacturing Limited	-	-	-	263,977	1,878	2,862
Pacific Logistics Limited	-	-	-	-	-	6,266
Sunny Up Limited	-	-	-	-	(2,373)	-
Simple Approach Limited	-	-	-	-	(35,982)	17,677
Poeticgem International Limited	2,789,369	5,861,019	-	-	(128,772)	(1,136,625)
Spring Near East Manufacturing Limited	-	-	-	-	2,414	930
Spring Design London Limited	-	-	-	-	345,453	353,628
Design Arc UK Ltd	-	-	-	-	24,290	15,997
Zamira Fashion Limited	-	-	-	-	7,122	1,333
Blueprint Design Ltd	-	-	-	-	-	1,989,787
Green Smart Shirts Limited	-	-	141,795	-	6,540	-
Progress Apparels (Bangladesh) Limited	-	-	1,827,823	1,528,254	(823,669)	(114,621)
PDS Asia Star Corporation Limited	-	-	-	-	43	-
PDS Far-east Limited	-	-	-	-	-	(215)
Techno Design HK	-	-	-	-	(3,101)	70
Recovered Clothing Limited	-	-	-	-	-	224,794
PDS Tailoring Ltd	-	-	-	-	3,580	5,636
Design Arc Europe Ltd	-	-	-	-	6,801	6,801
Design Arc Asia Limited	-	-	-	-	-	(2)
Poetic Brands Ltd	-	-	-	-	2,781,679	1,236,487
PDS Fashions Ltd	-	-	84,000	84,000	62,330	13,517
Moda & Beyond Ltd	-	-	-	-	838,808	-
Clover Collections Ltd	-	-	-	-	308,720	21,750
Clover Collections FZCO	-	-	-	-	5,949	(4,343)
Brand Collective Corporation Limited	-	-	-	-	7,981	698
PDS Lifestyle Limited	-	-	-	-	5,800,200	-
PDS Lifestyle FZCO	-	-	-	-	4,116	-
Progress manufacturing Group Ltd	-	-	-	-	237	-
Poeticgem International FZCO	8,520,509	4,235,375	-	-	(467,895)	2,482,442

The above balances are interest free & repayable on demand.

## POETICGEM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 33 Related party transactions

(Continued)

The above companies are related as follows:

The ultimate parent of Poeticgem Limited is PDS Limited, a company registered in India.

The immediate parent company of Poeticgem Limited is PDS Sourcing Limited, a company registered in Mauritius.

Pacific Logistics Limited, FX Import Company Limited and Poetic Knitwear Limited are all wholly owned subsidiaries of PDS Limited.

PDS Far-East Limited, Hong Kong, Clover Collections Limited, Hong Kong, and PDS Tailoring Limited are wholly owned subsidiaries of Norwest Industries Limited, Hong Kong, which also owns 100% share in Nor Lanka Manufacturing Limited, Hong Kong,

PDS sourcing Mauritius Limited, Mauritius owns 100% share in PDS Fashions Limited, 100% share in PDS lifestyle limited, 100% share in Poeticgem International Limited, Hong Kong, 100% share in Casa Forma Limited, 51% share in Grupo Sourcing Limited, Hong Kong, 51% share in PG Group Limited, Hong Kong, 60% share in PDS Asia Star Corporation Limited, Hong Kong, 75% share in Green Apparel Industries Limited and PDS sourcing Mauritius owns 63% share in Moda & Beyond Limited.

PDS Sourcing Limited, Mauritius owns 85% share in Design Arc UK Limited, 60% in Poetic Brands Limited and 15% Recovered Clothing Limited. Poetic Brands owns 75% in Recovered Clothing Limited.

Recovered clothing Limited owns 100% shares in Sunny Up Limited.

Norwest Industries Limited, Hong Kong owns 100% share in 360 Notch Ltd, 98% share in Design Arc Asia Limited, Hong Kong, 65% share in Spring Near East Manufacturing Limited, Hong Kong, 57.5% share in JJ Star Industries, Hong Kong 75% share in Krayon Sourcing Limited, Hong Kong, 70% share in Design Arc Europe Limited, Hong Kong, 60% share in Fareast Vogue Limited, 98% share in Twins Asia Limited, Hong Kong, 51% share in Kleider Sourcing Hong Kong Limited, Hong Kong and 51% share in Sourcing Solutions Limited.

Norwest Industries Limited, Hong Kong, Zamira Fashion Limited, Hong Kong, Blueprint Design Ltd, Hong Kong, Nor Delhi Manufacturing Limited, Hong Kong, Digital Internet Technologies Limited, Hong Kong, Green Smart Shirts Limited, Bangladesh, Progress Manufacturing Group Ltd, Hong Kong, Progress Apparels (Bangladesh) Limited, Bangladesh, Techno Design HK Limited, Hong Kong and Simple Approach Limited, Hong Kong are subsidiaries of Multinational Textiles Group Limited, Mauritius which is a wholly owned subsidiary of PDS Limited, India.

Multinational Textile Group Limited, Mauritius is a wholly owned subsidiary of the ultimate parent company, PDS Limited, India.

PDS Multinational FZCO owns 75% shares in Poeticgem International FZCO, 100% shares in PDS Lifestyle Limited FZCO AND 75% in Clover collections FZCO.

Brand Collective Limited (HK) owns 100% shares in Brand Collective Corporation Limited.

**POETICGEM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**33 Related party transactions**

**(Continued)**

Loans and advances to key management of the company and their close family members:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
At the start of the year	(4,651)	(4,960)
Amount advanced during the period	471,985	267,309
Amounts repaid during the period	(325,000)	(267,000)
At the end of the year	<u>142,334</u>	<u>(4,651)</u>

The above loans are repayable on demand.

## POETICGEM LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 34 Controlling party

The immediate parent company is PDS Sourcing Limited, a company registered in Mauritius, and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Corporate Office: Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

#### 35 Cash (absorbed by)/generated from operations

	2024 £	2023 £
Profit for the year before income tax	453,240	4,300,719
<b>Adjustments for:</b>		
Finance costs	32,586	26,300
Investment income	(8,024)	(923)
Depreciation and impairment of property, plant and equipment	443,751	418,975
Impairment of investment properties	-	10,213
Other gains and losses	-	(3,750,528)
Equity settled share based payment expense	218,332	409,069
<b>Movements in working capital:</b>		
Decrease in inventories	49,942	201,797
(Increase)/decrease in trade and other receivables	(6,222,925)	3,185,339
Increase/(decrease) in trade and other payables	486,817	(2,855,438)
<b>Cash (absorbed by)/generated from operations</b>	<b>(4,546,281)</b>	<b>1,945,523</b>

**POETICGEM LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**POETICGEM LIMITED****DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

	2024 £	2024 £	2023 £	2023 £
<b>Revenue</b>				
Sales		8,939,626		8,004,260
Commission receivable		13,606,544		13,404,695
		<u>22,546,170</u>		<u>21,408,955</u>
<b>Cost of sales</b>		<u>(8,849,470)</u>		<u>(9,275,130)</u>
<b>Gross profit</b>	60.75%	13,696,700	56.68%	12,133,825
<b>Other operating income</b>				
Rent receivable	-		69,142	
Sundry income	322,840		391,126	
Exchange (gain)/loss	(193,502)		(264,680)	
		<u>129,338</u>		<u>195,588</u>
<b>Distribution costs</b>		<u>(1,485,056)</u>		<u>(1,070,228)</u>
<b>Administrative expenses</b>		<u>(11,863,180)</u>		<u>(10,683,617)</u>
<b>Operating profit</b>		477,802		575,568
<b>Investment revenues</b>				
Bank interest received	8,024		923	
		<u>8,024</u>		<u>923</u>
<b>Finance costs</b>				
Bank interest on loans and overdrafts	9,481		5,299	
Finance lease interest payable	23,105		20,406	
Other interest payable	-		595	
		<u>(32,586)</u>		<u>(26,300)</u>
<b>Other gains and losses</b>				
Profit or Loss on sale of investment property		-		3,750,528
<b>Profit before taxation</b>	2.01%	<u>453,240</u>	20.09%	<u>4,300,719</u>

**POETICGEM LIMITED****SCHEDULES TO THE INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Cost of sales</b>		
Opening stock of finished goods	364,464	566,260
<i>Purchases and other direct costs</i>		
Finished goods purchases	8,065,364	7,728,091
Direct costs	329,418	1,165,249
Designing expenses	360,913	160,631
Testing charges	43,833	19,363
Total purchases and other direct costs	8,799,528	9,073,334
Total cost of sales	8,849,470	9,275,130
<b>Distribution costs</b>		
Motor running expenses	559,681	487,467
Agents commission	107,257	78,848
Advertising	89,412	1,650
Samples	569,564	421,190
Entertaining	159,142	81,073
	1,485,056	1,070,228

**POETICGEM LIMITED****SCHEDULES TO THE INCOME STATEMENT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Administrative expenses</b>		
Wages and salaries	7,250,579	6,296,170
Social security costs	944,407	848,027
Staff recruitment costs	93,007	189,837
Staff welfare	197,824	77,484
Staff training	139,003	-
Staff pension costs defined contribution	127,594	119,057
Equity settled share based payment costs	218,332	409,069
Directors' remuneration	530,045	520,755
Directors' social security costs	70,629	-
Directors' pension costs - defined contribution scheme	2,311	1,321
Rent re operating leases	91,839	123,493
Rates	115,238	82,947
Cleaning	72,150	-
Power, light and heat	38,177	21,219
Repairs and maintenance	25,586	27,859
Insurance	202,772	117,815
Computer running costs	125,840	128,398
Leasing - motor vehicles	17,152	27,969
Legal and professional fees	170,910	187,443
Consultancy fees	129,556	103,591
Non audit remuneration paid to auditors	58,028	45,833
Audit fees	30,806	25,000
Charitable donations	26,000	8,831
Bank charges	53,019	43,654
Printing and stationery	427,974	361,463
Telecommunications	60,176	65,590
Sundry expenses	191,409	410,920
Depreciation	443,751	429,188
Factoring charges	9,066	10,684
	<u>11,863,180</u>	<u>10,683,617</u>

**AUDITOR'S REPORT  
&  
AUDITED FINANCIAL STATEMENTS  
OF  
PROGRESS APPARELS (BANGLADESH) LIMITED  
AS AT AND FOR THE YEAR ENDED 31 March 2024**

**INDEPENDENT AUDITOR'S REPORT****TO THE SHAREHOLDERS OF PROGRESS APPARELS (BANGLADESH) LIMITED****Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Progress Apparels (Bangladesh) Limited (the Company), which comprise the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements of the company give a true and fair view in all material respects, the financial position of the company as at 31 March 2024 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for opinion**

We conducted our audit in accordance with International 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act, 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the Company' financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

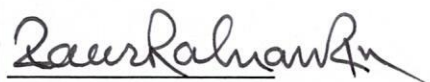
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other Legal and Regulatory Requirements**

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statements of financial position and statements of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: 2 PC-7202



**Ziaur Rahman Zia FCA**  
Partner

Enrolment Number: 1259

DVC: **2404291259AS111911**

Place: Dhaka

Date: 25 April 2024

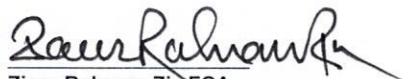
**Progress Apparels (Bangladesh) Limited**  
**Statement of Financial Position**  
**As at 31 March 2024**

		As At 31 March 2024	As At 31 March 2023
	Notes	BDT	BDT
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4.00	751,043,302	835,276,862
Intangible asset	5.00	3,638,703	5,198,148
Right of use assets	6.00	164,268,338	241,560,834
Capital work in progress	7.00	24,603,008	13,297,780
Deferred tax assets	8.00	58,787,561	60,212,764
		<b>1,002,340,912</b>	<b>1,155,546,388</b>
<b>Current assets</b>			
Inventories	9.00	755,514,076	727,647,772
Advances, deposits and prepayments	10.00	185,594,531	152,433,693
Trade receivables	11.00	6,713,708	54,938,366
Inter-company receivables	12.00	594,109,293	199,321,871
Cash and cash equivalents	13.00	221,796,756	321,812,291
		<b>1,763,728,364</b>	<b>1,456,153,994</b>
<b>Total assets</b>		<b>2,766,069,276</b>	<b>2,611,700,382</b>
<b>Shareholders' equity &amp; liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	14.00	4,011,200	4,011,200
Preference share capital	15.00	2,455,324,700	776,351,500
Share money deposit	16.00	-	1,658,173,214
Retained earnings	17.00	(1,548,003,879)	(1,688,743,818)
OCI Reserve for actuarial difference		15,841,973	12,923,676
		<b>927,173,994</b>	<b>762,715,772</b>
<b>Liabilities</b>			
<b>Long term liabilities</b>			
Post-retirement benefit obligation	18.00	47,765,794	50,366,616
Non-current portion of lease liability	19.00	122,045,809	200,872,706
		<b>169,811,603</b>	<b>251,239,322</b>
<b>Current liabilities</b>			
Current portion of lease liability	19.01	59,891,543	62,955,486
Secured short term bank borrowings	20.00	687,714,253	516,994,616
Trade payable and other payables	21.00	814,371,059	748,623,617
Inter-company payables	22.00	107,106,824	269,171,569
		<b>1,669,083,679</b>	<b>1,597,745,288</b>
<b>Total liabilities</b>		<b>1,838,895,282</b>	<b>1,848,984,610</b>
<b>Total shareholders' equity &amp; liabilities</b>		<b>2,766,069,276</b>	<b>2,611,700,382</b>

**FOOTNOTES:**

1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 36 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

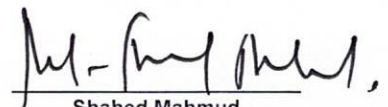
**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: 2 PC-7202

  
**Ziaur Rahman Zia FCA**

Partner  
Enrolment Number: 1259

DVC: **2404291259AS111911**

Place: Dhaka  
Date: 25 April 2024

  
**Shahed Mahmud**

Managing Director  
Progress Apparels (Bangladesh) Limited

  
**Satesh Cherukuri**

Finance Controller  
Progress Apparels (Bangladesh) Limited



**Progress Apparels (Bangladesh) Limited**  
**Statement of Profit or Loss and other Comprehensive Income**  
**For the year ended 31 March 2024**

	Notes	For the year ended	
		31 March 2024	31 March 2023
		BDT	BDT
<b>Revenue</b>			
Export sales	23.00	4,572,049,617	4,571,959,327
Less: Cost of goods sold	24.00	(3,909,096,089)	(3,934,801,740)
<b>Gross profit</b>		<b>662,953,528</b>	<b>637,157,586</b>
<b>Operating expenses</b>			
Employee benefits expenses	25.00	(300,549,259)	(262,281,346)
General and administrative expenses	26.00	(60,552,293)	(80,179,097)
Commercial expenses - export	27.00	(54,505,727)	(68,838,230)
Training line expenses	28.00	(4,621,014)	(8,940,680)
<b>Operating Profit/(Loss)</b>		<b>242,725,235</b>	<b>216,918,232</b>
Other income	29.00	5,901,209	2,862,183
<b>Profit/(Loss) before interest and tax</b>		<b>248,626,444</b>	<b>219,780,416</b>
Finance expenses	30.00	(65,033,604)	(49,766,017)
<b>Profit/(Loss) before tax</b>		<b>183,592,840</b>	<b>170,014,399</b>
Income tax expenses	31.00	(42,852,901)	(27,362,443)
<b>Profit/(Loss) After tax</b>		<b>140,739,939</b>	<b>142,651,956</b>
<b>Other comprehensive income</b>			
Actuary difference for the year (net of deferred tax)	32.00	2,918,297	2,100,070
<b>Total comprehensive loss for the year</b>		<b>143,658,236</b>	<b>144,752,026</b>

**FOOTNOTES:**

1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 36 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

**A. Qasem & Co.**

Chartered Accountants

RJSC Firm Registration Number: 2 PC-7202

  
**Ziaur Rahman Zia FCA**

Partner

Enrolment Number: 1259

DVC: 2404291259AS111911

Place: Dhaka

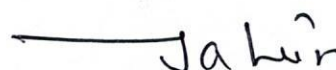
Date: 25 April 2024



**Shahed Mahmud**

Managing Director

Progress Apparels (Bangladesh) Limited



**Satesh Cherukuri**

Finance Controller

Progress Apparels (Bangladesh) Limited



**Progress Apparels (Bangladesh) Limited**  
**Statement of Changes in Shareholder's Equity**  
**For the year ended 31 March 2024**

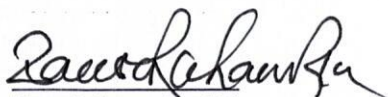
*Amounts in BDT*

Particulars	Share capital	Retained earnings	Reserve for actuarial difference	Share money deposits	Preference share capital	Total
Balance as at 31 March 2022	4,011,200	(1,831,395,774)	10,823,606	-	776,351,500	(1,040,209,468)
Share money deposit	-	-	-	1,658,173,214	-	1,658,173,214
Total comprehensive income for the period	-	142,651,956	2,100,070	-	-	144,752,026
<b>Balance as at 31 March 2023</b>	<b>4,011,200</b>	<b>(1,688,743,818)</b>	<b>12,923,676</b>	<b>1,658,173,214</b>	<b>776,351,500</b>	<b>762,715,772</b>
Preference share capital					1,678,973,200	1,678,973,200
Share money deposit				(1,658,173,214)		(1,658,173,214)
Total comprehensive income for the period		140,739,939	2,918,297			143,658,236
<b>Balance as at 31 March 2024</b>	<b>4,011,200</b>	<b>(1,548,003,879)</b>	<b>15,841,973</b>	<b>-</b>	<b>2,455,324,700</b>	<b>927,173,994</b>

**FOOTNOTES:**

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**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: 2 PC-7202




**Ziaur Rahman Zia FCA**  
Partner

Enrolment Number: 1259

DVC: **2404291259AS111911**

Place: Dhaka  
Date: 25 April 2024





**Shahed Mahmud**  
Managing Director  
Progress Apparels (Bangladesh) Limited



**Satish Cherukuri**  
Finance Controller  
Progress Apparels (Bangladesh) Limited

**Progress Apparels (Bangladesh) Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March 2024**

	For the year ended	
	31 March 2024	31 March 2023
	BDT	BDT
<b>Cash flows from operating activities</b>		
(Loss) before tax	183,592,840	170,014,399
<b>Adjustment for non cash items</b>		
Depreciation	171,760,391	170,265,802
Interest income	(5,901,209)	(2,862,183)
Interest expense	18,812,156	20,020,743
	<b>368,264,178</b>	<b>357,438,760</b>
<b>Changes in working capital</b>		
(Increase)/decrease in inventories	(27,866,304)	(2,176,907)
(Increase)/decrease in advances, deposits and prepayments	(33,160,839)	(75,098,006)
(Increase)/decrease in trade receivables	48,224,658	(43,294,223)
(Increase)/decrease in inter-company receivables	(394,787,421)	(45,377,931)
Increase/(decrease) in trade and other payable	65,747,443	55,627,922
Increase/(decrease) post-retirement benefit obligation	(2,600,822)	(2,970,430)
Increase/(decrease) in inter-company short term loan	-	(540,260,000)
Increase/(decrease) in inter-company payable	(162,064,745)	(1,286,293,554)
<b>Cash generated from operating activities</b>	<b>(138,243,852)</b>	<b>(1,582,404,370)</b>
Less: Direct tax	(42,462,624)	(37,215,740)
<b>Net cash flows from operating activities</b>	<b>(180,706,476)</b>	<b>(1,619,620,110)</b>
<b>Cash flows from investing activities</b>		
Payment for assets	(14,628,464)	(75,991,811)
<b>Net cash used in investing activities</b>	<b>(14,628,464)</b>	<b>(75,991,811)</b>
<b>Cash flows from financing activities</b>		
Secured short term bank borrowings	170,719,637	249,067,159
Payment for lease liability	(96,200,220)	(84,406,440)
Share Application money received	(1,658,173,214)	1,658,173,214
Redeemable Preference Shares	1,678,973,200	-
<b>Net cash generated by financing activities</b>	<b>95,319,402</b>	<b>1,822,833,933</b>
<b>Net change in cash and cash equivalents</b>	<b>(100,015,535)</b>	<b>127,222,012</b>
Cash and cash equivalents at the beginning of the year	321,812,291	194,590,278
<b>Cash and cash equivalents at the end of the year</b>	<b>221,796,756</b>	<b>321,812,291</b>
<b>Represented by:</b>		
Cash in hand	430,354	918,154
Bkash account	20,425	99,690
Cash at bank	221,345,977	320,794,447
	<b>221,796,756</b>	<b>321,812,291</b>

**FOOTNOTES:**

1. Auditors' Report - Page 1-2.
2. The accompanying notes 1 - 36 form an integral part of these financial statements.
3. With reference to the Section 189 of the Companies Act 1994, only one director has signed the financial statements as the other directors were not present in Bangladesh at the time of signing of the financial statements.

**A. Qasem & Co.**  
Chartered Accountants  
RJSC Firm Registration Number: 2 PC-7202

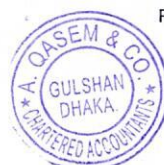
  
**Ziaur Rahman Zia FCA**  
Partner  
Enrolment Number: 1259

DVC: **2404291259AS111911**

Place: Dhaka  
Date: 25 April 2024

  
**Shahed Mahmud**  
Managing Director  
Progress Apparels (Bangladesh) Limited

  
**Satish Cherukuri**  
Finance Controller  
Progress Apparels (Bangladesh) Limited



**Progress Apparels (Bangladesh) Limited**  
**Notes to the financial statements**  
**As at and for the year ended 31 March 2024**

**1.00 Significant accounting policies and other material information**

**1.01 Company profile**

Progress Apparels (Bangladesh) Limited (the "Company") was incorporated in Bangladesh on 12 July 2015 as a private company limited by shares under the Companies Act, 1994 with its registered office located at House NO. 490, Road 8 (East), Baridhara DOHS, Dhaka 1206, The factory is located at MS SFB # 01 & 02 , Adamjee EPZ, Siddhirgonj, Narayanganj 1431, Bangladesh.

**1.02 Nature of business**

The principal activity of the Company is to manufacture and trade in ready made garments for 100% export.

**2.00 Basis of preparation and significant accounting policies**

**2.01 Statement of compliance**

The financial statements of the company have been prepared under historical cost convention in a going concern concept and on accrual basis in accordance with generally accepted accounting principles and practice followed in Bangladesh in compliance with The Companies Act 1994.

**2.02 Functional and presentational currency and level of precision**

The financial statements are presented in Bangladesh Taka (BDT), which is the Company's functional currency. Financial information presented in BDT have been rounded off to the nearest BDT.

**2.03 Use of estimates and judgment**

The financial statements was prepared by the management on the basis of best judgments, estimations and assumptions complying the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates and underlying assumptions, which are reviewed on an ongoing basis. Revision to accounting estimates is recognized in the year in which the estimates are revised and in any future years affected.

**2.04 Reporting period**

The financial report covers the period from 01 April 2023 to 31 March 2024.

**2.05 Authorization for issue**

The financial statements were authorised for issue by the Board of Directors on, 25 April 2024.



## **2.06 Consistency of presentation**

The presentation and classification of all items in the financial statements have been retained from one period to another period unless where it is apparent that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies or changes as required by another IFRSs.

## **2.07 Comparative information**

Comparative information has been disclosed in respect of the previous period for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period financial statements. Certain figures for previous period have been rearranged wherever considered necessary, as to ensure better comparability with the current period financial and to comply with relevant IASs.

## **2.08 Preparation and presentation of financial statements of the company**

The Management of the company is responsible for the preparation and presentation of the financial statements of the company.

## **2.09 Components of the financial statements**

According to the International Accounting Standard IAS-1 "Presentation of Financial Statements" the complete set of Financial Statements includes the following components:

- i) Statement of financial position as at 31 March 2024.
- ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2024.
- iii) Statement of changes in shareholder's equity for the year ended 31 March 2024.
- iv) Statement of cash flows for the year ended 31 March 2024.
- v) Notes to the financials statements including significant accounting policies.

## **3.00 Summary of significant policies**

### **3.01 Principle of accounting policies**

Specific accounting policies were selected and applied by the company's management for significant transactions and events that have a material effect within the framework of IAS-1 "Presentation of Financial Statements" in preparation and presentation of financial statements.

### **3.02 Accrual basis of accounting**

The financial statements have been prepared, except statements of cash flows, under accrual basis of accounting in accordance with applicable International Accounting Standards which do not vary from the requirements of the Companies Act, 1994 and other laws and rules as applicable in Bangladesh.

### **3.03 Going concern**

The financial statements are prepared on a going concern basis. As per management assessment, there is no material uncertainty relating to events or condition which may cast doubt upon the Company's ability to continue as a going concern.

### **3.04 Statement of cash flows**

The Statement of cash flows has been prepared in accordance with the requirements of IAS 7: Statement of cash flows. The cash generating from operating activities has been reported using the direct method.



### **3.05 Accounting policies, changes in accounting estimates and errors**

#### **Accounting policies**

Accounting policies are the specific principles, bases, conventions, requirements and practices used by an entity in preparing and presenting its financial statements.

An existing accounting policy should only be changed where a new accounting will result in reliable and more relevant information being presented.

Any changes in accounting policy required to be accounted for retrospectively except where it is not practicable to determine the effect in prior periods.

#### **Accounting estimates**

The preparation of financial statements requires many estimates to be made on the basis of latest available and reliable information.

The effect of a change in accounting estimates should therefore be recognized prospectively.

#### **Prior period errors**

A prior period error is where an error has occurred even though reliable information was available when those financial statements were authorized for issue.

### **3.06 Events after the reporting period**

Events after the reporting period that provide additional information about the Company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material. There are no material events after reporting date which required judgement or disclosure in the financial statement.

### **3.07 Taxation**

#### **Current tax**

As an export oriented private limited company, applicable tax rate for the company is 0.60% on gross receipt or 10% on net profit or tax deducted at source- whichever is higher. As tax deducted at source is higher than others, it will be considered as final settlement.

#### **Deferred tax**

Deferred tax is provided on 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 are reversed, based on the laws that have been enacted or substantively enacted by the reporting date.



### 3.08 Recognition of Property, plant and equipment

#### Recognition and measurement

According to IAS 16 "Property, Plant and Equipment" items of property, plant and equipment, excluding freehold land, freehold building and leasehold building, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes (after deducting trade discount and rebates) and any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the intended manner.

Part of an item of property, plant and equipment having different useful lives, are accounted for as separate items (major components) of property, plant and equipment.

#### Subsequent costs

The cost of replacing or upgrading part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

#### Capital work in progress

Capital work in progress consists of acquisition costs, capital components and related installation cost, until the date when the asset is ready to use for its intended purpose. In case of import of components, Capital work in progress is recognized when risks and rewards associated with such assets are transferred to the Company.

#### Depreciation

No depreciation is charged on capital work in progress (CWIP) as CWIP is not yet available for use. Depreciation on other items of property plant and equipment is recognized on reducing balance or WDV basis over the estimated useful lives of each item of property, plant and equipment. For addition to property, plant and equipment, depreciation method, useful lives and residual balance are reviewed each reporting date and adjusted if appropriate.

The rate of depreciation varies according to the estimated useful lives of the items of property, plant and equipment. The depreciation rates for the current period are as follows:

Class of assets	Depreciation rate
Furniture and fixtures	10%
Leasehold improvements	10%
Plant and machineries	10%
Freehold factory building	10%
Motor vehicles	20%
Air conditioners	20%
Electrical installations	20%
Fire Protection & Prevention Equipment's	20%
Office Equipment's	20%
Other Equipment's	20%
Development projects	20%
IT equipment's	30%
Software/ERP	30%
Original cost-Other Low Value Assets	100%



### **3.09 Inventories**

Inventories are valued at the lower of cost and net realizable value as per IAS 2, after making due allowance for obsolete, rejection and slow moving items, and Rejection & Leftover revaluated 15% of FOB Value under finished goods. Cost is valued using weighted average method. Net realizable value is the price at which inventories can be sold in the ordinary course business less the estimated cost of completion and the estimated cost necessary to make the sale.

### **3.10 Revenue recognition**

Revenue arises from the sale of goods and the rendering of services. It is measured at the fair value of consideration received or receivable, excluding taxes, and reduced by any rebates and trade discounts allowed as per IFRS-15.

Revenues are recognized when the risks and rewards of the ownership is transferred to the buyer, recovery of the consideration is probable, the associated cost and possible return can be estimated reliably and there is no continuing management involvement with the sale of goods or service provided.

### **3.11 Interest income**

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head 'other income' in the statement of profit or loss and other comprehensive income.

### **3.12 Transaction with related parties**

The company carried out a number of transactions with related parties in the course of business and on arms length basis. Transaction with related parties has been appropriately recognized and disclosed in accordance with IAS 24 "Related Party Disclosures".

### **3.13 Foreign currency transactions**

Foreign currency transactions are translated into Bangladesh Taka at the rate ruling on the transaction date. All monetary assets and liabilities at the statement of financial position date are retranslated using rates prevailing on the date. This treatment is in accordance with IAS -21: The effects of changes in foreign exchange rates, which requires all differences arising from foreign exchange transactions to be recognized in the comprehensive income statement. The closing exchange rate is considered as USD 1 = 109.40.

### **3.14 Financial Instruments**

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash at banks which are held and available for use by the company without any restriction. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at financial institutions and short-term highly liquid investments with maturities of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.



### **Trade receivables**

Trade receivable represents the amounts due from export customers. Accounts receivable stated at original invoice amount without making any provision for doubtful debts, because of the fact that exports are being based on 100% confirmed letter credit basis with fixed maturity dates/signed sales contract or buyer's P.O.

### **Trade and other payables**

Trade and other payables are recognized when its contractual obligations arising from past events are certain and settlement of which is expected to result in an outflow from the Company of resources embodying economic benefits.

### **3.15 Provisions and contingencies**

A provision is recognised on the date of statement of financial position if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more future events beyond the control of the company. The company does not recognise a contingent liability but discloses its existence separately in the financial statements.

### **3.16 Capital management**

For the purpose of the Company's capital management, capital includes issued capital, share money deposit and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximize the shareholder value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

### **3.17 General comments and obligations**

- a. All figures have been rounded off to the nearest BDT;
- b. Previous year's figures and head of accounts in the financial statements have been re-arranged to confirm to current year's presentation wherever necessary.



4.00 Property, plant and equipment

Particulars	Cost				Rate (%)	Depreciation				Written Down Value
	Opening balance	Addition during the year	Disposal for the year	Closing balance		Opening balance	Charged for the year	Disposal for the year	Closing balance	
Air conditioners	32,007,503	-	-	32,007,503	20%	15,642,076	3,273,085	-	18,915,161	13,092,342
Electrical installations	113,920,642	1,919,527	-	115,840,169	20%	67,548,582	9,610,217	-	77,158,799	38,681,369
Fire protection & prevention equipment	50,374,330	1,397,682	-	51,772,011	20%	30,363,655	4,280,859	-	34,644,484	17,127,528
Freehold factory building	121,477,556	123,625	-	121,601,181	10%	35,476,950	8,604,148	-	44,081,097	77,520,084
Furniture and fixtures	95,848,554	2,509,903	(895,312)	97,463,145	10%	34,445,446	6,231,230	(457,529)	40,219,146	57,243,999
IT equipment	45,894,294	2,538,986	(2,696,273)	45,737,008	30%	36,477,810	3,240,639	(2,340,039)	37,378,410	8,358,598
Leasehold improvements	215,773,741	637,107	-	216,410,849	10%	60,661,693	15,551,713	-	76,213,406	140,197,443
Motor vehicles	369,390	-	(133,390)	236,000	20%	189,946	35,531	(89,323)	136,154	99,846
Office equipment	6,528,687	182,568	(377,968)	6,333,286	20%	3,361,676	655,388	(273,764)	3,743,301	2,589,986
Other equipment	12,053,150	3,205,534	-	15,258,684	20%	6,707,614	1,451,426	-	8,159,040	7,099,645
Plant and machineries	643,793,569	463,863	(200,960)	644,056,471	10%	211,889,137	43,229,984	(95,114)	255,024,007	389,032,464
Development projects	17,214,397	-	-	17,214,397	20%	17,214,397	-	-	17,214,397	-
As at 31 March 2024	1,355,255,813	12,978,794	(4,303,903)	1,363,930,704		519,978,951	96,164,219	(3,255,768)	612,887,402	751,043,302
As at 31 March 2023	1,281,541,584	79,178,633	(5,464,405)	1,355,255,813		420,686,657	101,350,283	(2,057,988)	519,978,951	835,276,864

Amounts in BDT

Amounts in BDT

5.00 Intangible asset

As at 31 March 2023		23,540,251		-	-	23,540,251		5,198,148		
As at 31 March 2024		23,540,251		-	-	23,209,986		3,638,703		
Particulars	Opening balance	Addition during the year	Disposal for the year	Closing balance	30%	Depreciation				
						Rate (%)	Opening balance	Charged for the year	Disposal for the year	Closing balance
Software/ERP	23,540,251	-	(330,265)	23,209,986		18,342,103	1,559,444	(330,265)	19,571,282	3,638,703
						18,342,103	1,559,444	(330,265)	19,571,282	3,638,703
						16,114,326	2,227,778	-	18,342,103	5,198,148

Amounts in BDT

6.00 Right of use assets

Particulars	Cost			Rate (%)	Depreciation			Written Down Value
	Opening balance	Addition during the year	Adjustment for the year		Closing balance	Charged for the year	Disposal for the year	
Right of use assets	493,736,050	-	-	493,736,050	252,175,216	77,292,496	329,467,712	164,268,338
As at 31 March 2024	493,736,050	-	-	493,736,050	252,175,216	77,292,496	329,467,712	164,268,338
As at 31 March 2023	493,736,050	-	-	493,736,050	183,429,486	68,745,730	252,175,216	241,560,834

Amounts in BDT

6.01 Allocation of Depreciation

Allocation of Depreciation	Notes	31-Mar-24	31-Mar-23
Factory overhead		24.04	90.519,020
General & administrative expense		26.00	8,629,361
Total		97,723,663	103,578,060

7.00 Capital work in progress

31-Mar-24	BDT
31-Mar-23	BDT
	13,297,780
	7,732,800
	16,508,310
	5,564,980
	(5,203,082)
	24,603,008
	13,297,780

Opening Balance  
Addition during the year  
Transfer during the year



		As At 31 March 2024	As At 31 March 2023
	Notes	BDT	BDT
<b>8.00 Deferred tax (assets)/ liabilities</b>			
Deferred tax from property, plant & equipment (except land)	8.01	20,274,660	19,473,374
Deferred tax from lease	8.02	(1,766,901)	(2,226,736)
Deferred tax from retirement obligations (other than actuarial difference)	8.03	(3,637,781)	(3,774,351)
Deferred tax from business loss-depreciation	8.04	(74,692,465)	(74,692,465)
<b>Deferred tax (assets)/ liabilities from operation</b>		<b>(59,822,487)</b>	<b>(61,220,178)</b>
Deferred tax liabilities from accumulated actuarial differences		1,034,925	1,007,414
		<b>(58,787,561)</b>	<b>(60,212,764)</b>
<b>8.01 Deferred tax from Property, Plant &amp; Equipment (except Freehold land)</b>			
Carrying amount		754,682,005	840,475,156
Tax base		(551,935,403)	(645,741,416)
<b>Taxable/(deductible) temporary difference</b>		<b>202,746,603</b>	<b>194,733,740</b>
Tax rate		10%	10%
		<b>20,274,660</b>	<b>19,473,374</b>
<b>8.02 Deferred tax for lease</b>			
Carrying amount (net off balance with ROU and lease liability)		(17,669,014)	(22,267,357)
Tax base		-	-
<b>Taxable/(deductible) temporary difference</b>		<b>17,669,014</b>	<b>(22,267,357)</b>
Tax rate		10%	10%
		<b>(1,766,901)</b>	<b>(2,226,736)</b>
<b>8.03 Deferred tax from retirement obligations (other than actuarial difference)</b>			
Carrying amount		36,377,808	37,743,513
Tax base		-	-
<b>Taxable/(deductible) temporary difference</b>		<b>(36,377,808)</b>	<b>(37,743,513)</b>
Tax rate		10%	10%
Total deferred tax (assets)/ liabilities from gratuity liability		<b>(3,637,781)</b>	<b>(3,774,351)</b>
Less: Deferred tax assets/(liabilities) from actuarial Gain/(loss)	33.01	-	-
		<b>(3,637,781)</b>	<b>(3,774,351)</b>
<b>8.04 Deferred tax from business loss-depreciation</b>			
Carrying amount		-	-
Tax base		(746,924,649)	(746,924,649)
<b>Taxable/(deductible) temporary difference</b>		<b>(746,924,649)</b>	<b>(746,924,649)</b>
Tax rate		10%	10%
		<b>(74,692,465)</b>	<b>(74,692,465)</b>
Less: Deferred tax assets/(liabilities) from actuarial Gain/(loss)		-	-
		<b>(74,692,465)</b>	<b>(74,692,465)</b>

As Per Section 71(4) of Income Tax Act 2023, depreciation allowance is allowed to carry forward for unlimited period till it is fully adjusted.



	Notes	As At 31 March 2024 BDT	As At 31 March 2023 BDT
<b>9.00 Inventories</b>			
Fabric - body		139,843,518	89,990,438
Fabric - others		34,070,420	31,670,961
Accessories & trims		1,909	914,768
Accessories & trims Mfg.		25,527,868	33,433,194
Needles		383,442	404,317
Threads		11,916,563	17,438,479
Cartons		5,495,635	4,304,605
Hangers		14,053,201	13,490,168
Zippers		9,254,429	12,385,537
Polybags		3,592,447	4,301,180
Packing materials		33,838,020	21,613,132
Production consumables		740,914	1,068,664
Fuel		2,095,676	1,357,455
IT consumables		330,299	160,851
Stationaries and general consumables		1,774,760	4,351,539
Production paper		641,973	314,568
Stores & spare parts		10,049,698	3,911,471
Mechanical, electrical & plumbing		822,482	605,069
Chemical		840,709	587,468
Semi finished goods-manufacturing		275,727,952	306,327,451
Finished goods-manufacturing		184,512,161	162,525,665
Goods in transit		-	16,490,793
		<b>755,514,076</b>	<b>727,647,772</b>

#### 10.00 Advances, deposits and prepayments

Advances to employees		469,593	431,123
Advance Income Tax	10.01	-	-
Advance to suppliers		2,363,385	4,029,719
Prepaid insurance		4,434,879	5,020,028
Other advances		-	1,961,427
Export Incentive receivables	10.02	91,888,634	64,502,639
Prepaid expenses		36,116,143	31,424,484
Security deposit- rent		31,843,313	30,925,516
Security deposit- utilities		10,314,309	6,769,530
Security deposit- others		8,164,274	7,369,226
		<b>185,594,529</b>	<b>152,433,693</b>

#### 10.01 Advance Income Tax

Opening balance		-	-
Paid during the year		42,462,624	37,215,740
Less: provision for the year		(42,462,624)	(37,215,740)
		<b>-</b>	<b>-</b>

As an export oriented private limited company, applicable tax rate for the company is 0.60% on gross receipt or 10% on net profit or tax deducted at source- whichever is higher. As tax deducted at source is higher than others, it will be considered as final settlement.

#### 10.02 Export Incentive receivables

Opening balance		64,502,639	23,163,392
Add during the year		39,449,696	41,339,247
Less: Payment Received during the year		(12,063,701)	-
		<b>91,888,634</b>	<b>64,502,639</b>



	Notes	As At 31 March 2024 BDT	As At 31 March 2023 BDT
<b>11.00 Trade receivables</b>			
Tedy Spa		153,707	54,938,366
Lifestyle International Pvt Ltd		6,560,001	-
		<b>6,713,708</b>	<b>54,938,366</b>
<b>12.00 Inter-company receivables</b>			
Styleberry Limited		6,587,064	-
Peticgem International Limited		-	27,193,691
Poeticgem Limited		111,790,781	23,497,900
Poeticgem International Fzco		130,674,556	-
Progress Manufacturing Group Limited		192,317,032	-
Krayons Sourcing Limited		36,302,694	-
Simple Approach Limited		102,374,579	97,549,090
PDS Far-east Limited		14,062,586	51,081,190
		<b>594,109,293</b>	<b>199,321,871</b>
<b>13.00 Cash and cash equivalents</b>			
Cash at bank	13.01	221,345,976	320,794,447
Cash in hand		430,354	918,154
Bkash account		20,425	99,690
		<b>221,796,755</b>	<b>321,812,291</b>
<b>13.01 Cash at bank</b>			
Woori Bank-Main Bank Account (BDT)		22,800	23,640
Woori Bank-Main Bank Account (USD)		931	1,724
Dutch Bangla-Main Bank Account (BDT)		4,635	13,169,130
HSBC-Main Bank Account (BDT)		763,890	629,992
HSBC-Main Bank Account (USD)		41,924	360,322
Sonali Bank Ltd-Main Bank Account (BDT)		92,499	50,841
Commercial Bank Of Ceylon- Main Bank A/C-(BDT)		15,927	367,097
Commercial Bank Of Ceylon- Main Bank A/C-(USD)		3,197	6,711
Commercial Bank Of Ceylon- Main Bank A/C-(OBU)		2,220	3,531
The CITY Bank - BDT Current - Main Bank A/C		71,777	121,393
BRAC Bank-Main Bank Account (BDT)		2,044	355,187
BRAC Bank-ERQ Bank Account (USD)		32,295,885	59,011,907
CITY BANK LIMITED MAIN BANK ACCOUNT		13,189,430	4,085,698
CITY - USD FBPAR - Main Bank A/C		433,798	16,467,327
Fund in transit		-	63,056,267
Fixed deposit with BRAC Bank		174,405,019	163,083,678
		<b>221,345,976</b>	<b>320,794,447</b>

Fixed deposit above is given as security against working capital facility with Brac Bank PLC.



	Notes	As At 31 March 2024 BDT	As At 31 March 2023 BDT
<b>14.00 Share capital</b>			
<b>Authorized capital</b>			
12,00,000 Ordinary Shares of Taka 100 each		120,000,000	120,000,000
78,00,000 Redeemable Preference Shares of Taka 100 each		780,000,000	780,000,000
1,70,00,000 Redeemable Preference Shares of Taka 100 each		1,700,000,000	-
<b>Total</b>		<b>2,600,000,000</b>	<b>900,000,000</b>

The company increased the authorized share capital from BDT 900,000,000 to BDT 2,600,000,000 divided into 26,000,000 shares of BDT 100 each in extra ordinary general meeting on 22 August 2022 and RJSC approved the authorized share capital as on 04 July 2023.

#### 14.01 Issued and paid up capital

Shareholding position as on reporting period was as follows:

<b>Paid up capital</b>	<b>Equity Shares held</b>		
Progress Manufacturing Group Limited (Represented by Mr. Shahed Mahmud)	40,091	4,009,100	4,009,100
Mr. Abhishekh Kanoi	11	1,100	-
Mr. Ajai Singh	-	-	100
Mr. Pallak Seth	10	1,000	1,000
Mr. Omprakash Makam	-	-	1,000
	<b>40,112</b>	<b>4,011,200</b>	<b>4,011,200</b>

#### 15.00 Redeemable Preference Share

<b>Shareholding position as on reporting date :</b>	<b>Shares held</b>		
Progress Manufacturing Group Limited (Represented by Mr. Shahed Mahmud)	7,763,515	776,351,500	776,351,500
Add: During the period	16,789,732	1,678,973,200	-
	<b>24,553,247</b>	<b>2,455,324,700</b>	<b>776,351,500</b>

Redeemable preference share is shown under equity portion since it was not specified when it will be redeem and the preference shareholder will receive only dividend from the company that is why it is considered as Irredeemable preference share capital.

#### 16.00 Share money deposit

Opening balance	1,658,173,214	-
Addition during the period	20,800,000	1,658,173,214
Less: Issued Redeemable preference share	(1,678,973,214)	-
	<b>-</b>	<b>1,658,173,214</b>





Opening balance  
Add: Interest during the period  
Less: Interest accrued  
Less: Paid during the period  
Less: Adjustment for cancelled lease  
Less: Current portion of lease liability

**19.00 Non-current portion of lease liability**

Opening plan liability  
Add: Service cost  
Add: Interest cost  
Less: Benefits paid out  
Add: Actuarial (gain)/loss

**18.02 Plan liability for leave encashment**

Opening plan liability  
Add: Service cost  
Add: Interest cost  
Less: Benefits paid out  
Add: Actuarial (gain)/loss

**18.01 Plan liability for Service Benefit**

Plan liability for gratuity  
Plan liability for leave encashment

**18.00 Post-retirement benefit obligation**

Losses for the financial year:

**17.00 Retained earnings**

Notes

As At	31 March 2024	As At	31 March 2023
BDT	BDT	BDT	BDT
(1,548,003,879)	(1,688,743,818)	(2,925,393)	(2,925,393)
140,739,939	142,651,956	(51,809,634)	(51,809,634)
142,651,956	(246,951,703)	(349,936,908)	(349,936,908)
(246,951,703)	(735,334,031)	(219,434,462)	(219,434,462)
(735,334,031)	(225,003,643)	(219,434,462)	(225,003,643)
(225,003,643)	(735,334,031)	(219,434,462)	(735,334,031)
(735,334,031)	(246,951,703)	(219,434,462)	(246,951,703)
(246,951,703)	142,651,956	(219,434,462)	142,651,956
142,651,956	140,739,939	(219,434,462)	140,739,939
(219,434,462)	(1,548,003,879)	(219,434,462)	(1,548,003,879)

263,828,192	181,937,352	263,828,192	181,937,352
14,309,381	59,891,543	17,338,325	62,955,485
(96,200,220)	122,045,809	(84,406,440)	200,872,706

19.01

	Notes	As At 31 March 2024 BDT	As At 31 March 2023 BDT
<b>19.01 Current portion of lease liability</b>			
Balance at the year end		181,937,352	263,828,192
Less: Balance payable after 12 month		122,045,809	200,872,706
		<u>59,891,543</u>	<u>62,955,486</u>
<b>20.00 Secured short term bank borrowings</b>			
Clean import loan from HSBC, Bangladesh		475,651,871	255,383,876
Short Term Loan- HSBC	20.01	54,700,000	53,036,950
LTAR Loan from - City Bank		93,008,384	136,989,343
HSBC-Main Bank Account (OBU)		740,204	3,458,626
City Bank OBU		37,843,169	36,043,546
Bank Overdraft- BRAC Bank Ltd.		25,770,626	32,082,275
		<u>687,714,253</u>	<u>516,994,617</u>
<b>20.01 Short Term Loan- HSBC</b>			
Short term loan from HSBC		-	-
Add: Received during the year		54,700,000	53,036,950
		<u>54,700,000</u>	<u>53,036,950</u>
<b>21.00 Trade payable and other payables</b>			
Trade payable		448,897,042	393,883,838
Other payables	21.01	365,474,018	354,739,778
		<u>814,371,059</u>	<u>748,623,617</u>
<b>21.01 Other payables</b>			
Liability to others		189,727,404	229,521,132
Retention money payable		14,878,218	15,878,218
Wages payable		66,764,654	45,888,649
Bonus payable		-	119,156
Salary payable		23,171,953	22,536,440
GR/IR clearing account		47,777,189	29,408,907
Overtime payable		8,016,415	2,554,806
TDS-rent - plant & machinery		-	-
TDS & VDS payable		3,911,908	2,575,887
Expenses payable		508,260	613,515
Employee PF payable		3,095,068	926,156
Provision for expenses		4,231,549	4,716,913
Advance from customers		3,391,400	-
		<u>365,474,018</u>	<u>354,739,778</u>
<b>22.00 Inter-company payables</b>			
Progress Manufacturing Group Limited		107,106,824	269,119,725
Styleberry Limited		-	51,844
		<u>107,106,824</u>	<u>269,171,569</u>



	Notes	For the year ended	
		31 March 2024	31 March 2023
		BDT	BDT
<b>23.00 Revenue</b>			
Export sales		4,532,599,921	4,530,620,080
Export Incentive		39,449,696	41,339,247
		<b>4,572,049,617</b>	<b>4,571,959,327</b>
<b>24.00 Cost of goods sold</b>			
Fabrics trims and accessories consumption A/c	24.01	2,872,250,048	3,171,563,519
Add: Direct labour & wages	24.02	698,332,226	596,411,990
Add: Commercial expenses for imports	24.03	41,271,167	35,351,069
Add: Factory overhead	24.04	293,450,238	264,832,798
Add: Rev. of FG, stocklot, leftover		-	-
Add: Conversion cost allocated to FG & WIP		(4,820,593)	(43,815,068)
<b>Total Factory cost</b>		<b>3,900,483,085</b>	<b>4,024,344,308</b>
Add: Opening work in progress		306,327,451	283,247,800
Less: Closing work in progress		(275,727,952)	(306,327,451)
<b>Cost of goods manufactured</b>		<b>3,931,082,585</b>	<b>4,001,264,657</b>
Add: Opening stock of finished goods		162,525,665	96,062,748
Less: Closing stock of finished goods		(184,512,161)	(162,525,665)
<b>Cost of goods sold</b>		<b>3,909,096,089</b>	<b>3,934,801,740</b>
<b>24.01 Fabrics trims and accessories consumption A/c</b>			
Opening Stock as on 1st Apr 2023 (Raw materials)		229,946,778	326,622,135
Purchases during the period		2,920,280,722	3,074,888,162
Closing stock as on 31 Mar 2024 (Raw materials)		(277,977,453)	(229,946,778)
<b>Total Consumption</b>		<b>2,872,250,048</b>	<b>3,171,563,519</b>
<b>24.02 Direct labour &amp; wages</b>			
AEPZ - subscription for medical centre		2,229,465	1,954,575
AEPZ - worker's welfare fund		936,000	821,250
Company's contribution to PF - workers		9,660,170	5,161,699
Festival bonus-workers		37,686,035	33,568,857
Insurance - Workers		223,970	2,365,783
Medical benefits & expenses		386,309	108,333
Workers welfare expenses		1,901,160	6,444,465
Wages		522,159,314	423,629,816
Overtime-worker		117,562,588	117,074,510
Wages leave encashment - workers		5,587,215	5,282,703
		<b>698,332,226</b>	<b>596,411,990</b>



Notes	For the year ended	
	31 March 2024	31 March 2023
	BDT	BDT
<b>24.03 Commercial expense - imports</b>		
Bank charges - Import	10,131,856	8,033,802
C&F charges - import	26,760,827	23,140,751
Insurance - import	4,378,483	4,176,516
	<b>41,271,167</b>	<b>35,351,069</b>
<b>24.04 Factory overhead</b>		
Buyer's quality control personnel expenses	-	110,780
Boiler expenses	28,000	25,500
Compliance expenses	36,400	130,163
Consumption - plotter/thermo paper	6,823,593	5,987,069
Consumption - needle	843,033	859,453
Factory depreciation	90,519,020	94,948,699
Diesel for generator & boiler	21,727,177	14,031,914
Depreciation lease	77,292,496	68,745,730
Electricity expenses	34,224,473	26,996,083
Factory audit - compliance	2,417,275	2,980,468
Factory rent - AEPZ	3,308,794	695,937
Factory consumables	7,441,172	7,809,576
Fire extinguisher refilling expenses	137,665	79,464
Handling/transport charges	1,609,760	6,789,960
Housekeeping & cleaning	388,300	231,046
Inspection Fees	8,353,761	7,460,414
Insurance Expenses - IAR& Fire	5,888,102	7,696,228
Loading & unloading charges	2,707,193	1,461,601
License fee	648,717	411,192
MEP & other consumables	6,993,875	3,409,372
Plant and machinery hire charges	7,210,696	3,234,509
Processing charges	427,624	320,230
Repairs & maintenance - factory building	1,240,663	366,984
Repair & maintenance - machinery	243,480	218,765
Repairs and maintenance - others	462,080	1,709,621
Spare parts	7,537,432	3,857,132
Water charges	4,939,456	4,264,908
	<b>293,450,238</b>	<b>264,832,798</b>
<b>25.00 Employee benefits expenses</b>		
Salaries	273,541,388	231,118,848
Festival bonus-staff	16,539,950	16,011,962
Gratuity expenses	8,522,012	10,148,373
Leave encashment	1,734,262	3,059,724
Notice pay	211,647	1,942,440
	<b>300,549,259</b>	<b>262,281,346</b>



Notes	For the year ended	
	31 March 2024	31 March 2023
	BDT	BDT
<b>26.00 General and administrative expenses</b>		
Annual maintenance contract	3,176,171	1,560,189
Admin exp recharges	426,137	2,828,190
Auditors' remuneration	3,180,700	2,197,885
Automation fees - BEPZA	170,994	157,721
Agent's Commission	1,908,324	4,045,476
Communication expenses	1,530,606	1,129,710
Conveyance Expenses	2,667,867	1,749,818
Courier charges	6,596,199	5,077,827
Depreciation	7,204,643	8,629,361
Electricity expenses	2,184,541	1,723,154
Buyer meeting & inspection expenses	3,050,433	2,485,514
Expatriate work permit and visa charges	326,123	407,874
Unrealized Foreign exchange (gain)/loss - MTM	(9,828,519)	16,346,935
Government fees	1,770,868	136,642
Hotel stay charges	435,391	129,022
Iftar expenses	1,125,291	1,004,361
Insurance expenses	96,960	96,876
Legal & professional charges	1,892,692	2,632,787
Loss on sale of tangible assets	896,334	302,816
Advertisement Charges	-	519,000
Office consumables	11,819,140	10,777,175
Postage and stamps expenses	103,950	33,460
Printing and stationery	818,134	527,427
Recruitment expenses	35,000	249,151
Repairs and maintenance	431,334	198,950
Repairs & maintenance - computer equipment's	163,100	2,800
Rent Pool Car	3,473,296	3,158,124
Sample expenses	4,332,600	4,430,620
Service expenses	242,416	468,824
Special event/celebration expenses	291,555	1,410,208
Software expenses	75,548	921,841
Staff training expenses	10,038	441,678
Travel expenses	7,871,970	2,565,656
Toll charges	76,570	88,130
Vehicle fuel	1,680,602	1,471,666
Water charges	315,284	272,228
	<b>60,552,293</b>	<b>80,179,097</b>
<b>27.00 Commercial expenses - exports</b>		
Air & sea freight charges	4,444,007	9,189,104
Bank charges- export	14,649,508	10,633,540
C&F charges - export	32,304,843	45,470,727
Certificate of origin fees	46,374	225,005
Insurance - export	3,060,995	3,312,854
Loading & unloading - export	-	7,000
	<b>54,505,727</b>	<b>68,838,230</b>



	Notes	For the year ended	
		31 March 2024	31 March 2023
		BDT	BDT
<b>28.00 Training line expenses</b>			
Fabric		4,621,014	8,940,680
		<u>4,621,014</u>	<u>8,940,680</u>
<b>29.00 Other income</b>			
Interest on fixed deposit		5,901,209	2,862,183
		<u>5,901,209</u>	<u>2,862,183</u>
<b>30.00 Finance expenses</b>			
Bank charges		5,942,644	7,287,149
Interest- term loan		10,935,523	2,304,120
Interest- clean import loan		29,343,281	20,154,005
Interest Lease		14,309,381	16,201,810
Interest expense-gratuity	18.01	2,473,642	1,994,278
Interest expense-leave encashment	18.02	2,029,133	1,824,655
		<u>65,033,604</u>	<u>49,766,017</u>
<b>31.00 Income tax expenses</b>			
Current tax expenses	31.01	42,462,624	37,215,740
Deferred tax income	31.02	390,278	(9,853,297)
		<u>42,852,901</u>	<u>27,362,443</u>
<b>31.01 Current tax expenses</b>			
Provision for the year		42,462,624	37,215,740
Add: Prior year tax paid in access of provision		-	-
		<u>42,462,624</u>	<u>37,215,740</u>
<b>31.02 Deferred tax expenses income</b>			
Closing balance of deferred tax assets from operation		(59,822,487)	(61,220,178)
Less: Opening balance of deferred tax assets from operation		(60,212,764)	(51,366,882)
		<u>390,278</u>	<u>(9,853,296)</u>
<b>32.00 Actuary difference for the year (net of deferred tax)</b>			
Closing balance of OCI for actuarial gain	32.01	15,841,973	12,923,676
Less: Opening balance of OCI for actuarial gain		12,923,676	10,823,606
		<u>2,918,297</u>	<u>2,100,070</u>
<b>32.01 Closing balance of OCI for actuarial gain (Net of deferred tax)</b>			
Accumulated Actuarial gain or loss at the opening		12,923,676	10,823,606
Actuarial gain for the year		3,953,222	3,107,484
<b>Accumulated Actuarial gain or loss at the year end</b>		<u>16,876,898</u>	<u>13,931,090</u>
Less: deferred tax (assets)/liabilities on actuarial difference		1,034,925	1,007,414
		<u>15,841,973</u>	<u>12,923,676</u>



### 33.00 Related party disclosure

During the period under audit, the Company carried out a number of transactions with related parties in the normal course of business on an arm's length basis. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS-24: Related Party Disclosure.

			Opening Balance 01 Apr 2023	Transaction during the period	Paid or received during the period	Closing balance as at 31 March 2024
Name of the parties	Type of relation	Nature of transaction	Amounts in BDT			
Progress Manufacturing Group Limited	Parent company	Receivable	(162,012,901)	2,200,235,753	1,845,905,819	192,317,032
Progress Manufacturing Group Limited	Parent company	(Payable)	(107,106,824)	-	-	(107,106,824)
Progress Manufacturing Group Limited	Parent company	Share Money Deposit	1,658,173,214	20,799,986	1,678,973,200	-
Styleberry Limited	Associate company	Receivable	(51,844)	6,638,907	-	6,587,064
Peticgem International Limited	Associate company	Receivable	27,193,691	-	27,193,691	-
Poeticgem International Fzco	Associate company	Receivable	-	364,050,122	233,375,565	130,674,556
Poeticgem Limited	Associate company	Receivable	23,497,900	232,546,402	144,253,522	111,790,781
Simple Approach Limited	Associate company	Receivable	97,549,090	657,638,241	652,812,752	102,374,579
PDS Far-east Limited	Associate company	Receivable	51,081,190	280,979,766	317,998,370	14,062,586
Krayons Sourcing Limited	Associate company	Receivable	-	755,519,597	719,216,903	36,302,694
Norwest Industries Limited	Associate company	(Payable)	-	21,035,976	21,035,976	-

### 34.00 Commitments and contingencies

#### Capital expenditure commitments

The company does not have significant capital commitments as at the financial statement date.

#### Contingent Liabilities

The Contingent liability of the company, as on close of the period was **388,923,210 Taka** /= on account of various LCs opened by the bank in favour of suppliers of raw material, where materials has not yet been received and further Taka 8,00,000/= on account of unconditional Bank Guarantees issued in favour of Green Delta Insurance Company Limited towards guarantee of 30 days credit period.

### 35.00 General

#### 35.01 Directors' remuneration for attending board meeting

No Board meeting attendance fee paid by the company.

#### 35.02 Directors' remuneration for special service rendered.

During the audit period no remuneration has been paid to Managing Director and Directors.



**35.03 Receivable from Directors**

Nothing is receivable from the Director.

**35.04 Directors' loan**

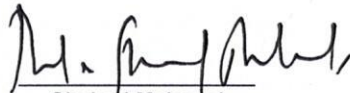
None of the directors or the managing director of the company has ever taken any loan from the company and thus no interest is recoverable from them.

**35.05 Employee information**

The company has 471 salaried employees including supervisors & 3198 salaried workers as on 31 March 2024. All of them receives total remuneration in excess of BDT 98,400 per annum.

**36.00 Events after the reporting period**

No significant event has been occurred after the reporting period to the date of signing of the financial statements to be considered for inclusion.



Shahed Mahmud  
Managing Director

Progress Apparels (Bangladesh) Limited



Satish Cherukuri  
Finance Controller

Progress Apparels (Bangladesh) Limited



**Independent Auditor's Report**

**TO THE MEMBERS OF PROGRESSIVE CRUSADE UNIPESSOAL LDA**

**Report on the Audit of the Special purpose financial statements**

**Opinion**

We have audited the accompanying special purpose financial statements of PROGRESSIVE CRUSADE UNIPESSOAL LDA ("the Company"), which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss, including Other Comprehensive Income (herein after referred to as "special purpose financial statements"). The special purpose financial statements have been prepared by the management of Company, solely for the purpose of preparation of the consolidated financial statements of its ultimate holding company, PDS Limited.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss total comprehensive loss for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing (SAs) as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibility for the Audit of the special purpose financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

**Information other than the special purpose financial statements and Auditor's report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors report, but does not include the special purpose financial statements and our auditors' report thereon.

Our opinion on the special purpose 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 special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose 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.

### **Management's Responsibility for the special purpose financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Special purpose financial statements**

Our objectives are to obtain reasonable assurance about whether the special purpose 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 SAs 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose 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 special purpose financial statements, including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose financial statements.

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

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

## Other Reporting Requirements

We further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid special purpose financial statements.
- b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), are dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the special purpose financial statements.

## Basis of Accounting and Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for the internal use of the Company. As a result, the Special Purpose Financial Statements may not be suitable for another purpose. It should not be used for any other purpose without our prior written consent.

For **PRASHANT SHAH & CO**

Chartered Accountants

Firm Registration No. 146854W



PRASHANT SHAH

Proprietor

Membership No. 303286

Place: Mumbai

Date: 10 May 2024

UDIN: 24303286BKAJRY3197

**Progressive Crusade Unipessoal Lda**  
**Balance Sheet as at March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	As at March 31, 2024
<b>ASSETS</b>	
<b>Non-current assets</b>	
(a) Property, plant and equipment	11,649
(b) Intangible assets	-
(c) Financial assets	
i) Investments	-
ii) Other financial assets	-
(d) Deferred tax assets	-
(e) Other assets	-
<b>Total Non-current assets</b>	<b>11,649</b>
<b>Current assets</b>	
(a) Financial assets	
(i) Inventories	70,212
(ii) Trade Receivables	171,496
(iii) Cash and cash equivalents	23,318
(iv) Other financial assets	-
(b) Other current tax assets	-
(c) Other assets	65,042
<b>Total Current assets</b>	<b>330,068</b>
<b>Total Assets</b>	<b>341,717</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
(a) Equity share capital	100
(b) Other equity	(438,540)
<b>Total Equity</b>	<b>(438,440)</b>
<b>Liabilities</b>	
<b>Non-current liabilities</b>	
(a) Provisions	-
(a) Financial Liabilities	
(i) Lease liabilities	-
(ii) Other financial liabilities	-
<b>Total Non-current liabilities</b>	<b>-</b>
<b>Current liabilities</b>	
(a) Financial Liabilities	
(i) Lease liabilities	-
(ii) Trade payables	
- Due to micro and small enterprises	-
- Due to others	691,414
(iii) Other financial liabilities	-
(b) Provisions	-
(c) Other current liabilities	88,743
<b>Total Current liabilities</b>	<b>780,157</b>
<b>Total Equity and Liabilities</b>	<b>341,717</b>

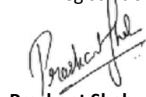
See accompanying notes forming part of the financial statements

In terms of our report attached.

**For PRASHANT SHAH & CO**

Chartered Accountants

Firm Registration Number : 146854W



**Prashant Shah**

Proprietor

Membership Number : 303286



**For and on behalf of the Board**

**Progressive Crusade Unipesso.**



**Jorge Ribeiro**

Director

Mumbai

May 10, 2024

**Progressive Crusade Unipessoal Lda**  
**Statement of Profit and Loss for the year ended March 31, 2024**

(All monetary numbers in Euro unless otherwise specified)

Particulars	Year ended on March 31, 2024
I Revenue from operations	751,738
II Other income	-
III <b>Total income (I + II)</b>	<b>751,738</b>
IV <b>Expenses</b>	
(a) Cost of Goods Sold	462,659
(b) Employee benefit expense	487,789
(c) Depreciation and amortisation expense	1,591
(d) Finance Cost	-
(e) Other expenses	238,239
<b>Total expenses (IV)</b>	<b>1,190,279</b>
V <b>Profit before tax (III - IV)</b>	<b>(438,541)</b>
VI Tax expense	
(a) Current tax	-
(b) Less: Minimum Alternative Tax Credit	-
(b) Deferred tax charge / (credit)	-
VII <b>Profit for the year (V - VI)</b>	<b>(438,540)</b>
VIII <b>Other comprehensive income</b>	
Items that will not be reclassified to profit or loss	
(a) Net gain on instruments measured at fair value through other comprehensive	-
(b) Income tax relating to items that will not be reclassified to profit or loss	-
	-
IX <b>Total comprehensive income (VII + VIII)</b>	<b>(438,540)</b>
X <b>Earnings per equity share</b>	
(1) Basic (in Euro)	(4,385.40)
(2) Diluted (in Euro)	(4,385.40)

**See accompanying notes forming part of the financial statements**

In terms of our report attached.

**For PRASHANT SHAH & CO**  
Chartered Accountants  
Firm Registration Number : 146854W

  
**Prashant Shah**  
Proprietor



Membership Number : 303286

**For and on behalf of the Board of  
Progressive Crusade Unipessoal L**



**Jorge Ribeiro**  
Director

Mumbai  
May 10, 2024

**Company registration number 11480949 (England and Wales)**

**RECOVERED CLOTHING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# **RECOVERED CLOTHING LIMITED**

## **COMPANY INFORMATION**

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**Directors**

Mr A Banaik  
Mr E Mathews  
Mr K Kanodia  
Mr S Punjabi

**Secretary**

Mr K Kanodia

**Company number**

11480949

**Registered office**

Quadrant House - Floor 6  
4 Thomas More Square  
London  
E1W 1YW

**Auditor**

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

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# **RECOVERED CLOTHING LIMITED**

## **CONTENTS**

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Independent auditor's report	3 - 6
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Statement of financial position	8
Statement of changes in equity	9
Notes to the financial statements	10 - 19

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# **RECOVERED CLOTHING LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company is that of import and distribution of garments.

#### **Results and dividends**

The results for the year are set out on page 7.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr A Banaik  
Mr E Mathews  
Mr K Kanodia  
Mr S Punjabi

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **RECOVERED CLOTHING LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small company exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Mr K Kanodia  
Director

12 May 2024

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RECOVERED CLOTHING LIMITED**

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### **Opinion**

We have audited the financial statements of Recovered Clothing Limited (the 'company') for the year ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RECOVERED CLOTHING LIMITED**

---

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF RECOVERED CLOTHING LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue and profit/loss.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

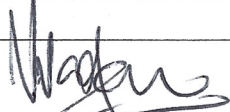
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF RECOVERED CLOTHING LIMITED**



**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: ..... 12 May 2024

**Chartered Accountants**  
**Statutory Auditor**

**RECOVERED CLOTHING LIMITED****INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Revenue	<b>2</b>	1,281,799	1,038,351
Cost of sales		(1,194,853)	(688,707)
<b>Gross profit</b>		<b>86,946</b>	<b>349,644</b>
Distribution costs		(15,917)	(19,799)
Administrative expenses		(165,936)	(262,053)
<b>(Loss)/profit before taxation</b>	<b>3</b>	<b>(94,907)</b>	<b>67,792</b>
Tax on (loss)/profit	<b>5</b>	-	(13,948)
<b>(Loss)/profit and total comprehensive income for the financial year</b>		<b>(94,907)</b>	<b>53,844</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# RECOVERED CLOTHING LIMITED

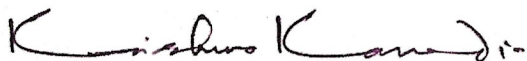
## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
<b>Non-current assets</b>					
Investments	6		931,444		607,500
<b>Current assets</b>					
Inventories	8	1,660,310		1,477,801	
Trade and other receivables	9	1,890,772		1,203,367	
Cash and cash equivalents		163,588		77,250	
		<u>3,714,670</u>		<u>2,758,418</u>	
<b>Current liabilities</b>	10	<u>(4,813,215)</u>		<u>(3,438,112)</u>	
<b>Net current liabilities</b>			<u>(1,098,545)</u>		<u>(679,694)</u>
<b>Net liabilities</b>			<u>(167,101)</u>		<u>(72,194)</u>
<b>Equity</b>					
Called up share capital	12		50,000		50,000
Retained earnings			<u>(217,101)</u>		<u>(122,194)</u>
<b>Total equity</b>			<u>(167,101)</u>		<u>(72,194)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 12 May 2024 and are signed on its behalf by:



Mr K Kanodia  
Director

Company registration number 11480949 (England and Wales)

**RECOVERED CLOTHING LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 MARCH 2024**

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 April 2022</b>	50,000	(176,038)	(126,038)
<b>Year ended 31 March 2023:</b>			
Profit and total comprehensive income	-	53,844	53,844
	<u>50,000</u>	<u>(122,194)</u>	<u>(72,194)</u>
<b>Balance at 31 March 2023</b>			
<b>Year ended 31 March 2024:</b>			
Loss and total comprehensive income	-	(94,907)	(94,907)
	<u>50,000</u>	<u>(217,101)</u>	<u>(167,101)</u>
<b>Balance at 31 March 2024</b>			

# RECOVERED CLOTHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

#### Company information

Recovered Clothing Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 15.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

#### 1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The company will also continue to obtain sufficient funding from within the group to enable it to pay its debts as they fall due. If the company were unable to obtain this funding, it would be unable to continue trading and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

# RECOVERED CLOTHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### 1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable.

##### -Sale of goods

Revenue represents amounts receivable from the distribution of garments net of discounts and value added tax. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

#### 1.4 Non-current investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

#### 1.5 Inventories

Inventories are valued at the weighted average cost. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the weighted average cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

#### 1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

##### *Financial assets held at amortised cost*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

# RECOVERED CLOTHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### *Impairment of financial assets*

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

### 1.8 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

#### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.10 Taxation

#### *Current tax*

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

# RECOVERED CLOTHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 1.13 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

**RECOVERED CLOTHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2024****2 Revenue**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by class of business</b>		
Sale of garments	1,281,799	1,038,351
	<u>          </u>	<u>          </u>
	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by geographical market</b>		
United Kingdom	536,301	247,808
Europe	745,498	790,543
	<u>          </u>	<u>          </u>
	1,281,799	1,038,351
	<u>          </u>	<u>          </u>

**3 Operating (loss)/profit**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(79,926)	32,199
Fees payable to the company's auditor for the audit of the company's financial statements	8,693	6,000
Cost of inventories recognised as an expense	1,194,853	688,707
	<u>          </u>	<u>          </u>

**4 Employees**

The average monthly number of persons (including directors) employed by the company during the period was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
	7	6
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	115,255	98,448
Social security costs	12,303	11,458
	<u>          </u>	<u>          </u>
	127,558	109,906
	<u>          </u>	<u>          </u>

**RECOVERED CLOTHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2024****5 Taxation**

	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	13,842
Adjustments in respect of prior periods	-	106
<b>Total UK current tax</b>	-	13,948

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2024 £	2023 £
(Loss)/profit before taxation	(94,907)	67,792
Expected tax (credit)/charge based on a corporation tax rate of 25.00% (2023: 19.00%)	(23,727)	12,880
Effect of expenses not deductible in determining taxable profit	-	962
Adjustment in respect of prior years	-	106
Group relief surrendered	23,727	-
<b>Taxation charge for the year</b>	-	13,948

**6 Investments**

	<b>Current</b>		<b>Non-current</b>	
	2024 £	2023 £	2024 £	2023 £
Investments in subsidiaries	-	-	931,444	607,500

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

**Fair value of financial assets carried at amortised cost**

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

**RECOVERED CLOTHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2024****6 Investments****(Continued)****Movements in non-current investments**

	<b>Shares in subsidiaries £</b>
<b>Cost or valuation</b>	
At 1 April 2023	607,500
Additions	323,944
At 31 March 2024	931,444
<b>Carrying amount</b>	
At 31 March 2024	931,444
At 31 March 2023	607,500

**7 Subsidiaries**

Details of the company's subsidiaries at 31 March 2024 are as follows:

<b>Name of undertaking</b>	<b>Registered office</b>	<b>Class of shares held</b>	<b>% Held Direct</b>
Sunny Up Limited	Unit 1 Chivenor Business Park, Barnstaple, Devon, United Kingdom, EX31 4AY	Ordinary	100.00

**8 Inventories**

	<b>2024 £</b>	<b>2023 £</b>
Finished goods	1,660,310	1,477,801

# RECOVERED CLOTHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 9 Trade and other receivables

	2024 £	2023 £
Trade receivables	1,286,564	778,493
Provision for bad and doubtful debts	-	(1,721)
	<u>1,286,564</u>	<u>776,772</u>
VAT recoverable	98,910	29,655
Amounts owed by subsidiary undertakings	461,400	394,000
Other receivables	43,898	2,940
	<u>1,890,772</u>	<u>1,203,367</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

### 10 Liabilities

	Notes	2024 £	2023 £
Trade and other payables	11	4,797,544	3,396,004
Corporation tax		12,952	38,948
Other taxation and social security		2,719	3,160
		<u>4,813,215</u>	<u>3,438,112</u>

### 11 Trade and other payables

	2024 £	2023 £
Trade payables	81,650	102,088
Amount owed to parent undertaking	4,669,894	2,991,609
Amounts owed to fellow group undertakings	-	224,794
Accruals and deferred income	46,000	46,819
Other payables	-	30,694
	<u>4,797,544</u>	<u>3,396,004</u>

## RECOVERED CLOTHING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

#### 12 Share capital

	2024	2023	2024	2023
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary Shares of £1 each	50,000	50,000	50,000	50,000

#### 13 Financial risk management

##### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

##### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2024, the company held cash and cash equivalents of £163,588 (2023: £77,250).

##### *Foreign currency risk*

The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has no deposit or loan facilities, hence is not affected by interest rate fluctuations.

## RECOVERED CLOTHING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

#### 14 Related party transactions

During the period ended 31st March 2024, the company entered into the following transactions with related parties:

	Purchases/ Commission and other expenses		Amounts owed (to)/by related party at 31 Mar	
	2023-24	2022-23	2023-24	2022-23
	£		£	
Poetic Brands Ltd	964,362	1,335,513	(4,669,844)	(2,991,608)
Poeticgem Ltd	-	224,794	-	(224,794)
Sunny Up Limited	-	-	461,400	394,000

The above balances are interest free and repayable on demand.

Poetic Brands Limited owns 75% of Recovered Clothing Limited.

Poeticgem Limited is a subsidiary of PDS Sourcing Limited, Mauritius. PDS Sourcing Limited has a 60% share in Poetic Brands Limited.

Recovered Clothing Limited owns 100% share in Sunny Up Limited.

#### 15 Controlling party

The immediate parent company is Poetic Brands Limited, a company registered in England and Wales and the ultimate parent company is PDS Limited, a company registered in India.

Poetic Brands Limited prepares group financial statements and copies can be obtained from Companies House.

PDS Limited prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**RECOVERED CLOTHING LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**RECOVERED CLOTHING LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2024**

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		2024	2023
	£	£	£
<b>Revenue</b>			
Sales of goods		1,281,799	1,038,351
<b>Cost of sales</b>			
Opening stock of finished goods	1,477,801	487,657	
Direct costs	1,111,749	1,532,868	
Carriage inwards and import duty	265,613	145,593	
Trims and accessories	-	390	
Closing stock of finished goods	(1,660,310)	(1,477,801)	
		(1,194,853)	(688,707)
<b>Gross profit</b>		86,946	349,644
<b>Distribution costs</b>	15,917	19,799	
<b>Administrative expenses</b>	165,936	262,053	
		(181,853)	(281,852)
<b>Operating (loss)/profit</b>		(94,907)	67,792

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**RECOVERED CLOTHING LIMITED****SCHEDULES TO THE INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Cost of sales</b>		
Opening stock of finished goods	1,477,801	487,657
<i>Purchases and other direct costs</i>		
Direct costs	1,111,749	1,532,868
Carriage inwards and import duty	265,613	145,593
Trims and accessories	-	390
Total purchases and other direct costs	1,377,362	1,678,851
Total cost of sales	1,194,853	688,707
<b>Distribution costs</b>		
Commission payable	15,917	12,603
Advertising	-	7,196
	15,917	19,799
<b>Administrative expenses</b>		
Wages and salaries	115,255	98,448
Social security costs	12,303	11,458
Staff welfare	-	136
Computer running costs	12,803	-
Travelling expenses	657	204
Postage, courier and delivery charges	7,617	-
Legal and professional fees	-	17,508
Consultancy fees	518	12,560
Accountancy	2,013	2,604
Audit fees	8,693	6,000
Bank charges	544	287
Bad and doubtful debts	-	1,722
Advertising	84,768	78,927
Sundry expenses	691	-
Profit or loss on foreign exchange	(79,926)	32,199
	165,936	262,053

Independent Auditor's Report  
to the shareholders of  
Techno Sourcing BD Limited

Opinion

We have audited the financial statements of Techno Sourcing BD Limited hereinafter referred to as 'the company' which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act, 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International 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 this report.

Our audit was conducted from 15 January 2024 to 15 March 2024. We have obtained all the information and documents we considered necessary for the audit.

We have also obtained the written representations of the company's management and those charged with governance that they are responsible for the preparation and the presentation of their financial statements in accordance with International Financial Reporting Standards (IFRSs) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Auditor's Report and Audited Financial Statements  
of  
Techno Sourcing BD Limited  
As at and for the year ended 31 March 2024

Our objective is to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs always detects 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.

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**Independent Auditor's Report  
to the shareholders of  
Techno Sourcing BD Limited**

**Opinion**

We have audited the financial statements of Techno Sourcing BD Limited hereinafter referred to as "the company" which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB by laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements of the company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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


#### Report on other Legal and Regulatory Requirements

In accordance with Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof.
- b) in our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and
- c) the company's financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.

DVC:

Dated, 28 APR 2024  
Dhaka



Sukanta Bhattacharjee, FCA  
Enrollment No-1550  
Partner  
Snehasish Mahmud & Co.  
Chartered Accountants

**Techno Sourcing BD Limited**  
**Statement of Financial Position**  
**As at 31 March 2024**

<b>In Taka</b>	<b>Notes</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant & equipment	4.00	3,665,492	6,460,730
Right of use assets	5.00	8,970,364	2,714,273
Intangible assets	6.00	484,936	-
Deferred tax assets	7.00	2,743,716	1,505,489
<b>Total non-current assets</b>		<b>15,864,508</b>	<b>10,680,492</b>
<b>Current assets</b>			
Receivables from customer	8.00	31,023,374	13,697,497
Advances, deposits and prepayments	9.00	30,439,655	18,543,241
Cash & cash equivalents	10.00	18,110,751	29,987,464
<b>Total current assets</b>		<b>79,573,780</b>	<b>62,228,201</b>
<b>Total assets</b>		<b>95,438,288</b>	<b>72,908,693</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11.00	9,651,900	9,651,900
Share money deposit	12.00	21	21
Capital reserve	13.00	3,306,886	3,306,886
Retained earnings		23,348,641	29,044,479
<b>Total equity</b>		<b>36,307,449</b>	<b>42,003,286</b>
<b>Non-current liabilities</b>			
Liability for terminal benefit & earned leave	14.00	3,492,708	2,853,632
Lease liabilities	15.00	4,964,584	767,453
<b>Total non-current liabilities</b>		<b>8,457,292</b>	<b>3,621,085</b>
<b>Current liabilities</b>			
Liability for terminal benefit & earned leave	14.00	1,610,502	342,452
Lease liabilities	15.00	4,469,314	1,934,704
Liability for expenses	16.00	15,835,292	7,764,799
Provision for tax		28,758,440	17,242,367
<b>Total current liabilities</b>		<b>50,673,548</b>	<b>27,284,322</b>
<b>Total equity and liabilities</b>		<b>95,438,288</b>	<b>72,908,693</b>

*The annexed notes from 1 to 24 form an integral part of these financial statements*

**Rasim Rahman**

**Managing Director**

**M. Faruk Mahmud**

**Director**

*As per our report of the same date.*

**DVC:**

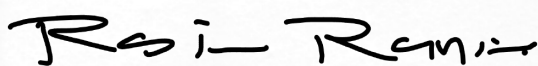
**Dated, 28 APR 2024**  
**Dhaka**

**Sukanta Bhattacharjee FCA**  
**Enrollment No-1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

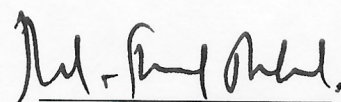
**Techno Sourcing BD Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 March 2024**

In Taka	Notes	1 April 2023 to 31 March 2024	1 April 2022 to 31 March 2023
Revenue -	17.00	108,671,701	64,832,789
Administrative & marketing expense	18.00	(108,265,742)	(68,049,257)
<b>Operating income/(loss)</b>		<b>405,958</b>	<b>(3,216,468)</b>
Finance expense	19.00	(881,859)	(223,352)
Other income	20.00	6,725,820	9,490,059
<b>Net profit before WPPF &amp; Tax</b>		<b>6,249,920</b>	<b>6,050,239</b>
Workers' profit participation and welfare fund		312,496	288,106
<b>Profit before income tax</b>		<b>5,937,424</b>	<b>5,762,133</b>
Income tax expenses(current)		(11,544,808)	(9,061,352)
Deferred tax income/ (expenses)	7.00	1,238,227	528,310
<b>Net profit/ (loss) after tax</b>		<b>(4,369,158)</b>	<b>(2,770,908)</b>
Other comprehensive income/( expense)		(1,326,681)	(269,369)
<b>Total comprehensive profit/ (loss) for the year</b>		<b>(5,695,838)</b>	<b>(3,040,277)</b>

*The annexed notes from 1 to 24 form an integral part of these financial statements*



Managing Director



Director

*As per our report of the same date.*



Sukanta Bhattacharjee FCA  
Enrollment No-1550  
Partner  
Snehasish Mahmud & Co.  
Chartered Accountants

DVC:

Dated, 28 APR 2024  
Dhaka

**Techno Sourcing BD Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2024**

In Taka	Share Capital	Share Money Deposits	Capital Reserve	Retained Earnings	Total
Opening balance as at 1st April 2022	9,651,900	21	3,306,886	32,084,756	45,043,563
Net profit for the year				(3,040,277)	(3,040,277)
<b>Balance as at 31st March 2023</b>	<b>9,651,900</b>	<b>21</b>	<b>3,306,886</b>	<b>29,044,479</b>	<b>42,003,285</b>
Net profit for the year	-	-	-	(5,695,838)	(5,695,838)
<b>Balance as at 31st March 2024</b>	<b>9,651,900</b>	<b>21</b>	<b>3,306,886</b>	<b>23,348,641</b>	<b>36,307,449</b>

*Rasim Rahman*

Managing Director

*M. Faruk Hossain*

Director

Dated, 28 APR 2024  
Dhaka



**Techno Sourcing BD Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March 2024**

In Taka	31-Mar-24	31-Mar-23
<b>A Cash flows from operating activities</b>		
Net profit before tax	5,937,424	5,762,133
Adjustments for non cash items:		
Depreciation on PPE	3,557,263	2,855,653
Depreciation on ROU	5,102,332	2,487,916
Amortization on intangibles	108,863	-
Loss on disposal of assets	16,880	-
Other income	(68,888)	(69,279)
Finance cost on lease	898,235	207,921
<b>Cash flows from operating activities before working capital changes</b>	<b>15,552,109</b>	<b>11,244,344</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivable	(17,325,877)	16,246,922
(increase)/decrease in advances, deposits & prepayments	(555,688)	115,502
Increase/(decrease) in liability for expenses	8,070,493	2,472,933
Increase/(decrease) in deferred liability	1,907,126	1,141,516
Actuarial Gain/(Loss)	(1,326,681)	(269,369)
Income tax paid	(11,346,541)	(9,054,303)
<b>Net cash generated from operating activities</b>	<b>(5,025,060)</b>	<b>21,897,546</b>
<b>B Cash flows from investment activities</b>		
Acquisition of property, plant and equipment	(778,904)	(1,181,237)
Acquisition of intangible assets	(593,799)	-
<b>Net cash used in investing activities</b>	<b>(1,372,703)</b>	<b>(1,181,237)</b>
<b>C Cash flows from financing activities</b>		
Payment of lease liabilities	(5,478,950)	(2,634,000)
<b>Net cash used in financing activities</b>	<b>(5,478,950)</b>	<b>(2,634,000)</b>
<b>Net increase in cash &amp; cash equivalents (A+B+C)</b>	<b>(11,876,713)</b>	<b>18,082,309</b>
Opening cash and bank balances	29,987,464	11,905,155
<b>Closing cash &amp; cash equivalents</b>	<b>18,110,751</b>	<b>29,987,464</b>

*Rasim Rahman*  
 Managing Director

*M. Faruk Hossain*  
 Director

Dated, 28 APR 2024  
 Dhaka



**Techno Sourcing BD Limited**  
**Notes to the Financial Statements**  
**As at and for the year ended 31 Mar 2024**

**1.1 Background and legal status**

Techno Sourcing BD Limited hereinafter referred to as 'the Company' was formed and incorporated with the Register of Joint Stock Companies and Firms, Bangladesh on 06 February 2019 under the Companies Act 1994 as a private limited company limited by shares vide Registration no: C-149908/2019. The address of the registered office of the company is Ta-131, Wakil Tower, 131 Gulshan Badda Link Rd, Dhaka 1212.

On 22nd October 2019, through acquisition of 51% share of KiK Service Unit Limited by Design Pod Limited with its headquarter in Hong Kong, the name of the company has been changed to Techno Sourcing BD Limited from KiK Service Unit Limited and the changed name of the company was duly registered with the Registrar of Joint Stock Companies.

**1.2 Nature of business**

The principal activities of the Company are to provide support services to German group companies regarding all aspects of sourcing of textiles, including but not limited to quality assurance services, compliances in supplier manufacturing units.

**2 Basis of preparation**

**2.1 Statement of compliance**

The financial statements have been prepared in following accrual basis of accounting except for statement of cash flows in accordance with International Accounting Standards (IASs), International Financial Reporting Standards (IFRSs), Companies Act 1994 and other applicable laws and regulations.

**2.2 Other regulatory compliance**

The company is required to comply with following major laws and regulations along with Companies Act 1994:

The Income Tax Act 2023

The Income Tax Ordinance, 1984

The Income Tax Rules, 1984

The Value Added Tax and Supplementary Duty Act, 2012

The Value Added Tax and Supplementary Duty Rules, 2016

The Customs Act, 1969

Bangladesh Labor laws 2006 ammended upto 2023

**2.3 Basis of measurement**

The financial statements have been prepared on historical cost following the accrual basis on accounting.

**2.4 Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer unless otherwise indicated.

**2.5 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## **2.6 Going concern**

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The accompanying financial statements do not include any adjustments should the Company be unable to continue as a going concern.

## **2.7 Statement of cash flows**

Cash Flow Statement is prepared as per International Accounting Standard (IAS-7). Cash flow from operating activities is determined for the period under indirect method.

## **2.8 Reporting period**

The financial statement of the company covers for the period from 01 April 2023 to 31 March 2024.

## **3.00 Significant accounting policies**

The accounting policies set out below have been applied consistently in these financial statements.

### **3.01 Property, plant and equipment**

#### **i) Recognition and measurement**

Items of PPE are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

Management reviews the expected useful life of property, plant and equipment at each accounting period. Any change in asset's useful life is adjusted prospectively.

#### **ii) Subsequent cost**

The cost of replacing part of an item of property, plant and equipment will be recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of the day to day servicing of the property, plant and equipment are recognized in the statement of profit and loss as incurred.

Depreciation and amortization is provided so as to write down the assets to their residual values over their estimated useful lives on straight-line method . The selection of these residual values and estimated lives requires the exercise of management judgment. The depreciation method used reflects the pattern in which the asset's economic benefits are consumed by the entity. The depreciation charge for each period should be recognized as an expense unless it is included in the carrying amount of another asset. The principal annual rates are as follows:

<u>Class of assets</u>	<u>Rates</u>
Furniture and fixtures	25%
Computer and Equipment	25%
Office Equipment	25%
Leasehold Improvements	25%



## **Intangible asset**

### **Recognition and measurement**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions for recognition as per IAS 38: Intangible assets are met. The cost of an intangible asset comprises its purchase price, import duties and non-refundable taxes and any directly attributable cost of preparing the asset for its intended use.

### **Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the profit and loss account when incurred.

The intangible assets are amortized over their respective individual estimated useful lives on a straight line basis commencing from the date the assets are available to the company for its use.

The useful life of intangible assets is considered as follows-

Category	Depreciation rate
Software	20.00%

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

## **3.02 Right of use assets and lease liabilities**

The standard requires recognition of a 'right of use' asset, representing the right to use the underlying asset and a liability, representing the obligation to make lease payments, for almost all lease contracts. The impact on the Income Statement is that former lease-operating expenses are replaced by depreciation and interest. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases.

## **3.03 Foreign currency transactions**

Transactions in foreign currencies are translated to Taka at the foreign exchange rate prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rate of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in the profit and loss and other comprehensive income as per International Accounting Standard (IAS) 21 The Effects of Changes in Foreign Exchange Rates.

## **3.04 Financial instruments**

### **(i) Receivables from customer**

Receivable from customers are recognized and stated at a percentage of value of shipment of goods after deducting the payment received from customer and carried at anticipated realizable values.

### **(ii) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and cash at bank that are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value.



### 3.05 Liability for terminal benefits & earned leave

#### (i) Terminal Benefit

The Company has provided terminal benefit is unrecognized terminal benefits followed the requirement of the Bangladesh Labour Law 2006 & its subsequent amendment. Terminal benefits for its permanent employees, provision in respect of which is made on the basis of Actuarial Valuation. This scheme qualifies as a Defined Benefit Plan as per IAS 19 "Employee Benefits".

#### (ii) Earned Leave encashment

The Company has provided Earned Leave encashment followed the requirement of the Bangladesh Labour Law 2006 & its subsequent amendment. Earned Leave encashment for its permanent employees, provision in respect of which is made on the basis of Actuarial Valuation. This scheme qualifies as a Defined Benefit Plan as per IAS 19 "Employee Benefits".

#### Workers Profit Participation Fund

The Company operate fund for workers as Workers Profit Participation Fund and 5% of the profit before charging such expenses has been provisioned for this fund as per section 234 of Bangladesh Labour Act 2006 as amended upto 2023 and Labour rules 2015.

### 3.06 Provisions & contingencies

Provision is recognized on the balance sheet date if, as a result of past events, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

No provision is recognized for-

a) Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or

b) Any present obligation that arises from past events but is not recognized because-

\* It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

\* A reliable estimate of the amount of obligation cannot be made.

Contingencies arising from claim, litigation assessment, fines, penalties etc. are recorded when it is probable that a liability has been incurred and the amount can reasonably be measured.

### 3.07 Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority.

#### Current tax

Current tax expense has been estimated on the basis of Finance Act 2023 and the Income Tax Act 2023



### **Deferred tax**

Deferred tax is recognized using the balance sheet method. Deferred tax arises due to temporary difference deductible or taxable for the events or transactions recognized in the statement of profit or loss and other comprehensive income. A temporary difference is the difference between the carrying amounts of assets and liabilities and its tax base amount in the statement of financial position. Deferred tax asset or liability is the amount of income tax recoverable or payable in future periods recognised in the current period. the deferred tax asset / income or liability / expense do not create a legal liability / recoverability to and from the income tax authority.

### **3.08 Revenue recognition**

In compliance with the requirements of IFRS - 15, revenue from the service is measured at the fair value of the consideration received or receivable, net of returns. The five step model has been complied in case of revenue recognition.

The five step model consist of :

1. Identification of contract(s) with a customer
2. Identification of performance obligation
3. Determination of transaction price
4. Allocation of transaction price to separate performance obligations
5. Recognition of revenue when entity satisfies performance obligations

### **3.09 Finance expenses**

Finance expenses comprises of bank charges and interest expenses.

### **3.10 Events after the reporting period**

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed as at 31st March, 2024. No adjustment is given in the financial statements for events after the reporting period that are indicative of conditions that arose after the reporting period.

### **3.11 Change of presentation and classification**

In the preceding year, foreign exchange gains were categorized as "finance expenses," but in the current year, they have been reclassified as "other income. Additionally, interest income on security deposits, formerly under "other income," is now accounted for within "finance expenses."

### **3.12 General**

- i) All financial information presented in Taka have been rounded off to the nearest integer; and
- ii) Previous year's figures have been rearranged wherever considered necessary to conform to current year's presentation.



#### 4.00 Property, plant & equipment

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		12,585,132	11,403,895
Addition during the year		778,904	1,181,237
Disposal during the year		(102,004)	-
<b>Closing balance</b>		<b>13,262,032</b>	<b>12,585,132</b>
<b>Accumulated depreciation</b>			
Opening balance		6,124,402	3,245,831
Charged during the year		3,557,263	2,878,571
Disposed during the year		(85,125)	-
<b>Closing balance</b>		<b>9,596,540</b>	<b>6,124,402</b>
<b>Written down value</b>		<b>3,665,492</b>	<b>6,460,730</b>

*Details are shown in Annexure A(i)*

#### 5.00 Right of use assets

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		8,295,867	4,744,486
Addition during the year		11,358,422	3,551,381
Disposal during the year		-	-
<b>Closing balance</b>		<b>19,654,289</b>	<b>8,295,867</b>
<b>Accumulated amortization</b>			
Opening balance		5,581,593	3,093,677
Amortized during the year		5,102,332	2,487,916
Disposed during the year		-	-
<b>Closing balance</b>		<b>10,683,925</b>	<b>5,581,593</b>
<b>Written down value</b>		<b>8,970,364</b>	<b>2,714,273</b>

*Details are shown in Annexure A (ii)*

#### 6.00 Intangible assets

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		-	-
Addition during the year		593,799	-
Disposal during the year		-	-
<b>Closing balance</b>		<b>593,799</b>	<b>-</b>
<b>Accumulated amortization</b>			
Opening balance		-	-
Amortized during the year		108,863	-
Disposed during the year		-	-
<b>Closing balance</b>		<b>108,863</b>	<b>-</b>
<b>Written down value</b>		<b>484,936</b>	<b>-</b>

*Details are shown in Annexure A (iii)*

#### 7.00 Deferred Tax Assets

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		1,505,489	977,179
Income/(expenses) during the year	7.01	1,238,227	528,310
<b>Closing balance</b>		<b>2,743,716</b>	<b>1,505,489</b>



### 7.01 Computation as follows

In Taka	Carrying amount on reporting date	Tax Base	Taxable/(De ductible) temporary difference
Property plant & equipment	3,665,492	7,970,223	(4,304,731)
Right of use-assets	8,970,364	-	8,970,364
Intangible assets	484,936	534,419	(49,483)
Advances, deposits and prepayments	30,439,655	30,495,845	(56,190)
Liability for terminal benefit & earned leave	(5,103,210)	-	(5,103,210)
Lease liability	(9,433,898)	-	(9,433,898)
Net deductible temporary difference			(9,977,148)
Applicable tax rate			27.50%
Deferred tax (assets) / Liability as at 31 March 2024			(2,743,716)

### 7.02 Computation as follows

In Taka	Carrying amount on reporting date	Tax Base	Taxable/(De ductible) temporary difference
Property plant & equipment	6,460,730	8,680,216	(2,219,486)
Right of use-assets	2,714,273	-	2,714,273
Advances, deposits and prepayments	18,543,241	18,614,294	(71,053)
Provision for terminal benefit & earned leave	(3,196,084)	-	(3,196,084)
Lease liability	(2,702,157)	-	(2,702,157)
Net deductible temporary difference			(5,474,506)
Applicable tax rate			27.50%
Deferred tax (assets) / Liability as at 31 March 2023			(1,505,489)

### 8.00 Receivables from customer

In Taka	Notes	31-Mar-24	31-Mar-23
Kik Textile und Non-Food GmbH	8.01	-	13,697,498
Techno Design GmbH	8.02	31,023,374	-
Closing balance		31,023,374	13,697,498

### 8.01 Receivables from Kik Textile und Non-Food GmbH

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		13,697,497	29,944,419
Addition during the year		6,884,961	64,832,789
Received during the year		(20,770,734)	(90,569,769)
Foreign exchange gain/(loss)		188,275	9,490,059
Closing balance		-	13,697,497



**8.02 Receivables from Techno Design GmbH**

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		-	-
Addition during the year		117,054,751	-
Received during the year		(92,412,593)	-
Foreign exchange gain/(loss)		6,381,217	-
<b>Closing balance</b>		<b>31,023,374</b>	<b>-</b>

**9.00 Advance, deposit & prepayments**

In Taka	Notes	31-Mar-24	31-Mar-23
Advance	9.01	28,899,176	17,511,249
Deposit	9.02	785,702	762,782
Prepayments	9.03	754,777	269,211
<b>Closing balance</b>		<b>30,439,655</b>	<b>18,543,241</b>

**9.01 Advance**

In Taka	Notes	31-Mar-24	31-Mar-23
Advance income tax		28,553,124	17,235,318
Advance against expenses		346,051	275,931
<b>Closing balance</b>		<b>28,899,176</b>	<b>17,511,249</b>

**9.02 Deposit**

In Taka	Notes	31-Mar-24	31-Mar-23
Security deposit for rent		785,702	762,782
<b>Closing balance</b>		<b>785,702</b>	<b>762,782</b>

**9.03 Prepayments**

In Taka	Notes	31-Mar-24	31-Mar-23
Insurance - prepaid		731,777	250,811
Prepaid office rent		23,000	18,400
<b>Closing balance</b>		<b>754,777</b>	<b>269,211</b>

**10.00 Cash & cash equivalents**

In Taka	Notes	31-Mar-24	31-Mar-23
Cash in hand			
Cash at bank	10.01	18,110,751	29,987,464
<b>Closing balance</b>		<b>18,110,751</b>	<b>29,987,464</b>

**10.01 Cash at bank**

In Taka	Notes	31-Mar-24	31-Mar-23
Commercial Bank of Ceylon A/C No-1082013347		18,110,751	29,987,464
<b>Closing balance</b>		<b>18,110,751</b>	<b>29,987,464</b>

**11.00 Share capital**

In Taka	Notes	31-Mar-24	31-Mar-23
<b>Authorized capital:</b>			
10,000,000 ordinary shares of Taka 10 each		100,000,000	100,000,000
<b>Issued subscribed and paid up capital:</b>			
965,190 ordinary shares of Tk. 10 each	11.01	9,651,900	9,651,900



**11.01 Shareholding Position**

Name of the shareholders	%	No of shares	Total value
<b>Multinational Textile Group Limited</b>	49.00	472,944	4,729,440
Represented by Muhammad Shahed Mahmud			
<b>Design Pod Limited</b>	51.00	492,246	4,922,460
Represented by Rajive Ranjan			
<b>Total</b>	<b>100.00</b>	<b>965,190</b>	<b>9,651,900</b>

**12.00 Share money deposit**

In Taka	Notes	31-Mar-24	31-Mar-23
Design Pod Limited		21	21
<b>Closing balance</b>		<b>21</b>	<b>21</b>

**13.00 Capital Reserve**

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		3,306,886	3,306,886
Addition during the year		-	-
<b>Closing balance</b>		<b>3,306,886</b>	<b>3,306,886</b>

\*This is the balance of surplus of assets over liabilities as at 01 November 2019 after acquisition by the new shareholder.

**14.00 Liability for employee benefits**

In Taka	Notes	31-Mar-24	31-Mar-23
Liability for terminal benefit	14.01	2,557,502	1,150,826
Liability for leave encashment	14.02	2,545,706	2,045,260
<b>Closing balance</b>		<b>5,103,206</b>	<b>3,196,084</b>
Current portion of liability for employee benefit		1,610,502	342,452
Non current portion of liability for employee benefit		3,492,708	2,853,632
<b>Total</b>		<b>5,103,206</b>	<b>3,196,084</b>

**14.01 Liability for terminal benefit\***

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		1,150,824	688,498
Service cost		690,099	391,253
Interest cost		84,701	49,434
Benefits paid		(819,770)	(45,249)
Actuarial (gain)/loss on obligation		1,451,648	66,888
Transferred to other income		-	-
<b>Closing balance</b>		<b>2,557,502</b>	<b>1,150,824</b>

\*The provision for terminal benefits is made on the basis of Actuarial Valuation. The current liability has been estimated to Tk. 579,038 and non-current liability has been estimated to Tk. 1,978,466



**14.02 Liability for leave encashment\***

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		2,045,260	1,366,070
Service cost		950,562	787,248
Interest cost		150,531	98,084
Benefits paid		(475,680)	(408,623)
Actuarial (gain)/loss on obligation		(124,967)	202,481
<b>Closing balance</b>		<b>2,545,706</b>	<b>2,045,260</b>

\*The provision for earned leave is made on the basis of actuarial valuation. The current liability has been estimated to Tk. 1,031,463 and non-current liability has been estimated to Tk. 1,514,243.

**15.00 Lease liability**

In Taka	Notes	31-Mar-24	31-Mar-23
Lease liability (IFRS - 16)		9,433,898	2,702,157
<b>Closing balance</b>		<b>9,433,898</b>	<b>2,702,157</b>
Current portion of Lease liability		4,469,314	1,934,704
Non current portion of Lease liability		4,964,584	767,453
<b>Total</b>		<b>9,433,898</b>	<b>2,702,157</b>

**16.00 Liability for expenses**

In Taka	Notes	31-Mar-24	31-Mar-23
Audit fee payable		107,525	180,000
Salary payable		8,726,069	3,929,206
Bonus payable*		600,603	850,410
Other accrued liabilities & payables		3,323,106	2,344,883
TDS payable		545,315	259,352
VAT payable		2,532,674	200,948
<b>Closing balance</b>		<b>15,835,292</b>	<b>7,764,799</b>

\*Bonus Payable includes WPPF for employees as per Bangladesh Labour Law 2006 & its subsequent amendment.



**17.00 Revenue**

In Taka	Notes	31-Mar-24	31-Mar-23
Revenue - commission		6,884,961	62,108,703
Sale of service		101,786,739	-
Unbilled revenue		-	2,724,086
<b>Total revenue</b>		<b>108,671,701</b>	<b>64,832,789</b>

**18.00 Administrative & marketing expense**

In Taka	Notes	31-Mar-24	31-Mar-23
Employee Expenses	18.01	66,001,445	36,863,119
Office Rent		851,746	422,700
Cleaning Expenses		991,796	425,066
Travel Expenses and Dearness Allowance		1,674,910	946,658
Entertainment		922,593	207,976
Courier Bill		6,941,846	4,418,907
Printing & Stationery		878,358	386,923
Electricity & Other Utilities Bill		1,196,875	801,755
Internet Bill and Mobile Bill		1,937,857	1,456,288
Office Supplies		488,683	1,178,989
Other office expenses		2,104,975	2,738,033
Repair and Maintenance		1,383,509	1,040,537
Local Conveyance and Accommodation		286,669	1,342,431
Car Rent		7,309,991	5,441,930
Car Parking & Fuel Cost		4,869,062	4,231,955
Professional Fees		1,487,303	628,705
Audit fees		107,525	142,750
Sample Expenses		45,261	8,045
Depreciation on Right of Use Assets		5,102,332	2,487,916
Depreciation		3,557,263	2,878,571
Amortization		108,863	-
Loss on disposal of non-current assets		16,880	-
<b>Total</b>		<b>108,265,742</b>	<b>68,049,254</b>

**18.01 Employee Expenses**

In Taka	Notes	31-Mar-24	31-Mar-23
Salary & Allowances		56,711,748	31,988,272
Festival Bonus		3,747,405	2,349,984
Incentive Bonus		2,203,189	940,857
Terminal benefit		774,800	440,687
Leave encashment		1,101,093	885,332
Notice Pay & Ex-Gratia		1,292,588	-
Overtime Charges		170,622	257,986
<b>Total</b>		<b>66,001,445</b>	<b>36,863,119</b>



**19.00 Finance Expense**

In Taka	Notes	31-Mar-24	31-Mar-23
Bank Charge		52,511	84,710
Interest Expense		898,235	207,921
Interest income on security deposit		(68,888)	(69,279)
<b>Total</b>		<b>881,859</b>	<b>223,352</b>

**20.00 Other Income**

In Taka	Notes	31-Mar-24	31-Mar-23
Foreign exchange gain		6,569,492	9,490,059
Sample sale		156,328	-
<b>Total</b>		<b>6,725,820</b>	<b>9,490,059</b>

**21.00 Number of Employees**

The company has seventy five (75) employees as at 31 March 2024.

**22.00 Contingent liability**

There is no contingent liability arisen during this year.

**23.00 Events after reporting period**

There is no material events that had occurred after the date of statement of financial position till the date of issue of these financial statements, which could affect the figures stated in the financial statements.

**24.00 Related Party Disclosures**

During the year, the Company carried out a number of transactions with related parties in the normal course of business and on an arms length basis. The name of these related parties, nature of transactions and their total value have been set out below in accordance with the provisions of IAS-24.

Particulars	Nature of relationship	Nature of transactions
Techno Design GmbH	Group company	Sourcing support service

Opening balance	Addition during the year	Receipt during the year	FX Gain/(Loss)	Closing balance during the year
-	117,054,751	(92,412,593)	6,381,217	31,023,374



**Techno Sourcing BD Limited**  
**Property, Plant and Equipment's Schedule**  
**For the year ended 31 March, 2024**

Annexure A(i)

	COST				Rate %	DEPRECIATION			
	Balance as on 01.04.23	Addition during the year	Disposed during the year	Total as on 31.03.24		Balance as on 01.04.23	Charged during the year	Adjustment during the year	Total as on 31.03.24
Office Equipment	2,889,845	272,565	22,004	3,140,406	25%	1,767,451	612,063	9,861	2,369,653
Furniture & Fixtures	1,904,293	32,626		1,936,919	25%	909,300	134,632		1,043,932
Computer Equipment	5,384,241	473,713	80,000	5,777,954	25%	2,400,147	2,144,534	75,264	4,469,417
Leasehold Improvements	2,406,753			2,406,753	25%	1,047,504	666,033		1,713,538
<b>Total as at 31 March, 2024</b>	<b>12,585,132</b>	<b>778,904</b>	<b>102,004</b>	<b>13,262,032</b>		<b>6,124,402</b>	<b>3,557,263</b>	<b>85,125</b>	<b>9,596,540</b>
									<b>WDV 31.03.24</b>
									<b>770,753</b>
									<b>892,987</b>
									<b>1,308,537</b>
									<b>693,215</b>
									<b>3,665,492</b>

	COST				Rate %	DEPRECIATION			
	Balance as on 01.04.22	Addition during the year	Disposed during the year	Total as on 31.03.23		Balance as on 01.04.22	Charged during the year	Adjustment during the year	Total as on 31.03.23
Office Equipment	2,850,258	39,587	-	2,889,845	25%	1,046,089	721,362	-	1,767,451
Furniture & Fixtures	1,904,293	-	-	1,904,293	25%	433,227	476,073	-	909,300
Computer Equipment	4,242,591	1,141,650	-	5,384,241	25%	1,220,730	1,179,417	-	2,400,147
Leasehold Improvements	2,406,753	-	-	2,406,753	25%	545,786	501,719	-	1,047,504
<b>Total as at 31 March, 2023</b>	<b>11,403,895</b>	<b>1,181,237</b>	<b>-</b>	<b>12,585,132</b>		<b>3,245,831</b>	<b>2,878,571</b>	<b>-</b>	<b>6,124,402</b>
									<b>WDV 31.03.23</b>
									<b>1,122,394</b>
									<b>994,993</b>
									<b>2,984,094</b>
									<b>1,359,249</b>
									<b>6,460,730</b>



**Techno Sourcing BD Limited**  
**Schedule of Right of Use Assets**  
**For the year ended 31 March, 2024**

Annexure A(ii)

Particulars	Cost			Depreciation			Written down value as at 31 March 2024
	Balance as at 01 April 2023	Addition during the year	Disposal during the year	Balance as on 31 March 2024	Charged during the year	Disposal during the year	
Right of use assets	8,295,867	11,358,422	-	19,654,289	5,102,332	-	8,970,363
<b>Total</b>	<b>8,295,867</b>	<b>11,358,422</b>	<b>-</b>	<b>19,654,289</b>	<b>5,102,332</b>	<b>-</b>	<b>8,970,363</b>

Particulars	Cost			Depreciation			Written down value as at 31 March 2023
	Balance as at 01 April 2022	Addition during the year	Disposal during the year	Balance as on 31 March 2023	Charged during the year	Disposal during the year	
Right of use assets	4,744,486	3,551,381	-	8,295,867	2,487,916	-	2,714,273
<b>Total</b>	<b>4,744,486</b>	<b>3,551,381</b>	<b>-</b>	<b>8,295,867</b>	<b>2,487,916</b>	<b>-</b>	<b>2,714,273</b>



Techno Sourcing BD Limited  
Schedule of Intangible Assets  
For the year ended 31 March, 2024

Particulars	Cost				Amortization			Written down value as at 31 March 2024
	Balance as at 01 April 2023	Addition during the year	Disposal during the year	Balance as on 31 March 2024	Balance as at 01 April 2023	Charged during the year	Disposal during the year	Balance as on 31 March 2024
Software	-	593,799	-	593,799	-	108,863	-	108,863
Total	-	593,799	-	593,799	-	108,863	-	108,863
								484,936
								484,936

Annexure A (iii)



**Auditor's Report and Audited Financial Statements**  
**of**  
**Simple Approach Bangladesh Pvt. Ltd.**  
**As at and for the year ended 31 March 2024**

**Auditor's report  
to the shareholders of  
Simple Approach Bangladesh Pvt. Ltd.**

**Opinion**

We have audited the financial statements of Simple Approach Bangladesh Pvt. Ltd. hereinafter referred to as "the company" which comprise the statement of financial position as at 31 March 2024, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and ICAB bye laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

The financial statements for the year ended 31 March 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 18 April 2023.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs) and the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud and error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs always detect a material misstatement

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements of the company. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

**Simple Approach Bangladesh Pvt. Ltd.**  
**Statement of Financial Position**  
**As at 31 March 2024**

In Taka	Notes	31-Mar-24	31-Mar-23
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant & equipment	4	56,687,505	-
Right of use assets	5	46,893,751	-
<b>Total non current assets</b>		<b>103,581,256</b>	<b>-</b>
<b>Current assets</b>			
Advance, deposit and prepayment	6	4,571,887	19,213,107
Cash & cash equivalents	7	13,044,070	17,288,904
<b>Total current assets</b>		<b>17,615,957</b>	<b>36,502,011</b>
<b>Total assets</b>		<b>121,197,213</b>	<b>36,502,011</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	35,438,600	35,438,600
Share money deposit	9	56,089,500	-
Retained earnings		(36,532,980)	(873,727)
<b>Total equity</b>		<b>54,995,120</b>	<b>34,564,873</b>
<b>Non-current liabilities</b>			
Lease liabilities -non current portion	10	28,501,335	-
<b>Total non-current liabilities</b>		<b>28,501,335</b>	<b>-</b>
<b>Current liabilities</b>			
Lease liabilities - current portion	10	416,133	-
Short term loan from related party	11	22,012,500	-
Liabilities for expenses	12	11,657,577	1,937,138
Provision for income tax	13	3,614,548	-
<b>Total current liabilities</b>		<b>37,700,758</b>	<b>1,937,138</b>
<b>Total equity and liabilities</b>		<b>121,197,213</b>	<b>36,502,011</b>

*The accompanying notes from 1 to 19 form an integral part of these financial statements.*

  
**Chief Financial Officer**


  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

As per our report of same date.

DVC: 2404251550 AS414231

Dated, 25 APR 2024  
Dhaka


  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**Simple Approach Bangladesh Pvt. Ltd.**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 March 2024**

In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Service revenue	14	33,773,009	-
Operating & selling expenses	15	(65,862,272)	(873,727)
<b>Operating loss</b>		<b>(32,089,263)</b>	<b>(873,727)</b>
Finance income	16	44,558	-
<b>Loss before tax</b>		<b>(32,044,705)</b>	<b>(873,727)</b>
Current year tax	13	(3,614,548)	-
<b>Net loss after tax</b>		<b>(35,659,253)</b>	<b>(873,727)</b>
Other comprehensive income / (expenses)		-	-
<b>Net loss</b>		<b>(35,659,253)</b>	<b>(873,727)</b>

*The accompanying notes from 1 to 19 form an integral part of these financial statements.*

  
**Chief Financial Officer**


  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*

As per our report of same date.

DVC: 2404251550 AS414231

Dated, 25 APR 2024  
Dhaka

  
**Sukanta Bhattacharjee FCA**  
**Enroll No. 1550**  
**Partner**  
**Snehasish Mahmud & Co.**  
**Chartered Accountants**

**Simple Approach Bangladesh Pvt. Ltd.**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2024**

In 't'aka	Share Capital	Share Money Deposit	Retained Earnings	Total
Opening balance as on 25 May 2022	-	-	-	-
Share money deposit	-	35,438,600	-	35,438,600
Allocated to share capital	35,438,600	(35,438,600)	-	-
Net loss during the period	-	-	(873,727)	(873,727)
Closing balance as at 31 March 2023	35,438,600	-	(873,727)	34,564,873
Share money deposit	-	56,089,500	-	56,089,500
Net loss during the year	-	-	(35,659,253)	(35,659,253)
Closing balance as at 31 March 2024	35,438,600	56,089,500	(36,532,980)	54,995,120

  
**Chief Financial Officer**

  
**Managing Director**

*Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.*


**Dated, 25 APR 2024**  
**Dhaka**



Simple Approach Bangladesh Pvt. Ltd.  
Statement of Cash Flows  
For the year ended 31 March 2024

In Taka	Note	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
<b>A. Cash flows from operating activities:</b>			
Net profit / (loss) before tax		(32,044,705)	(873,727)
Tax payment		(3,494,267)	-
<b>Adjustments for non cash items</b>			
Interest on Lease Liability		1,687,709	-
Interest on Lease Asset		(44,558)	-
Depreciation on property, plant & equipment		2,559,883	-
Depreciation on right of use assets		3,427,489	-
<b>Cash flow from operating activities before working capital changes</b>		<b>(27,908,448)</b>	<b>(873,727)</b>
<b>Change in working capital :</b>			
Decrease/(increase) in advance, deposit and prepayments		4,051,341	(19,213,107)
Increase / (Decrease) in Liabilities for expenses		13,214,706	1,937,138
<b>Net cash flow from operating activities</b>		<b>(10,642,401)</b>	<b>(18,149,696)</b>
<b>B. Cash flows from investing activities:</b>			
Acquisition of Property, plant & equipment		(59,247,388)	-
<b>Net cash used in investing activities</b>		<b>(59,247,388)</b>	<b>-</b>
<b>C. Cash flows from financing activities</b>			
Payment of lease liabilities		(3,938,945)	-
Payment of security deposit for lease asset		(8,518,100)	-
Short term loan from related party		22,012,500	-
Share money deposit		56,089,500	35,438,600
<b>Net cash from financing activities (C)</b>		<b>65,644,955</b>	<b>35,438,600</b>
Net increase in cash & cash equivalent (D = A+B+C)		(4,244,834)	17,288,904
Opening cash and bank balances		17,288,904	-
<b>D. Closing balance</b>		<b>13,044,070</b>	<b>17,288,904</b>
<b>Closing balance represents</b>			
Cash in Hand		193,982	107,128
Cash at Nagad		141,101	-
Cash at Bank (Commercial Bank)		12,708,987	17,181,776
<b>Closing balance reconciled</b>		<b>13,044,070</b>	<b>17,288,904</b>

  
Chief Financial Officer

  
Managing Director

Note: Under section 189 of the companies Act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements.

Dated, **25 APR 2024**  
Dhaka



**Simple Approach Bangladesh Pvt. Ltd.**  
**Notes to the financial statements**  
**As at and for the year ended 31 March 2024**

**1.00 Reporting entity**

**1.1 Formation and legal status**

Simple Approach Bangladesh Pvt. Ltd. was incorporated on 25 May 2022, vide registration number C-181213/2022 in Bangladesh as a Private Limited Company under the Companies Act, 1994. The company's registered office is situated at Wakil Tower, 8th Floor, Ta 131, Gulshan, Badda Link Road, Dhaka, Bangladesh.

**1.2 Nature of business**

The main activities of the company is to carry on the business of export-oriented garments for the purpose of cutting, stitching, making, finishing, stone washing, dress of all kinds of textiles & to act as local traders, importers, exporters of any commodity, commission agents, sole agents, manufacturer representative, handling agents, buying and selling agents, indenting agents as the company may think fit from time to time & to deal in the Buying house & Design Services activities.

**2.00 Basis of preparation**

**2.1 Statement of compliance**

This financial statements have been prepared following accrual basis of accounting except for statement of cash flows in accordance with International Accounting Standards (IASs), International Financial Reporting Standard (IFRSs) and Companies Act 1994.

**2.2 Other regulatory compliances**

The Company is required to comply with following major laws and regulations along with The Companies Act 1994:

The Income Tax Act, 2023

The Income Tax Rules, 2023

The Value Added Tax and Supplementary Duty Act, 2012

The Value Added Tax and Supplementary Duty Rule, 2016

The Customs Act, 1969

**2.3 Basis of measurement**

The financial statements have been prepared on historical cost following the accrual basis on accounting.

**2.4 Functional and presentational currency**

These financial statements are prepared in Bangladesh Taka (Taka/Tk/BDT), which is the Company's functional currency. All financial information presented in Taka has been rounded off to the nearest integer unless otherwise indicated.

**2.5 Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

## 2.6 Going concern

The commercial operation of the company has been started from September 2023. The board of directors of the company believes that the company has adequate resources and group support to continue its operation in the foreseeable future. As a result, the financial statements of the company has been prepared on a going concern basis.

As a result the financial statements of the company has been prepared on a going concern basis.

## 2.7 Cash flow statements

Cash Flow Statement is prepared as per International Accounting Standard (IAS-7). Cash flow from operating activities is determined for the period under indirect method.

## 2.8 Reporting period

The company has got approval from DCT for maintaining the accounting year with parent as 01 April to 31 March dated 20 June 2022. These financial statements cover for the period from 01 July 2023 to 31 March 2024. Since this is the first year of the company no comparative information is available.

## 3.00 Significant accounting policies

The accounting policies set out below have been applied consistently in these financial statements.

### 3.1 Property, plant and equipment

#### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises of its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner.

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.

#### Subsequent Costs

The cost of replacing part of an item of fixed assets is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as incurred.

#### Depreciation

Depreciation is charged on all items of property, plant and equipment on straight line method. For addition to property, plant and equipment, depreciation is charged from the day of capitalization up to the period immediately preceding the period of disposal. Depreciation method, useful lives and residual values are reassessed and adjusted (if any) at each reporting date. Depreciation rates are as follows:

Particulars	Rate
Plant & Machinery	10%
Furniture & Fixtures	10%
Office Equipments	10%
IT Equipments	25%



### 3.2 Right of use assets and lease liabilities

The Company is a party to rent contracts for, Buildings- office space from August 2023 for ten years. IFRS -16 requires recognition of a 'right of use' asset, representing the right to use the underlying asset and a liability, representing the obligation to make lease payments, for the lease contract. The impact on the Income Statement is that former lease-operating expenses are replaced by depreciation and interest. Total expenses (depreciation for 'right of use' assets and interest on lease liabilities) are higher in the earlier years of a typical lease and lower in the later years, in comparison with former accounting for operating leases.

### 3.3 Financial instruments

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

#### i) Recognition and initial measurement

The Company initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the date at which the company becomes a party to the contractual provisions of the transaction.

#### ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified and measured at: amortized cost; 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 amortized 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.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized 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.

### 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 recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized 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 recognized in profit or loss. Other net gains and losses are recognized 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 recognized 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 recognized in OCI and are never reclassified to profit or loss.

Financial assets includes advances, deposits and prepayments and cash & cash equivalents.

#### 3.3.1 Advances, deposits and prepayments

Advances, deposits and prepayments at the balance sheet date are stated net of provision for amounts estimated to be doubtful of recovery.

#### 3.3.2 Cash and cash equivalents

Cash and cash equivalents include cash and cheques on hand, demand deposits with banks, and other short term highly liquid investments with original maturities of three months or less.

### 3.4 Financial liabilities

All financial liabilities are recognized initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities include Liability for expenses.

#### 3.4.1 Liability for expenses

A liability for expenses is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Liability is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation.

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

### 3.5 Taxation

#### Current tax

Income tax expense is recognized in statement of comprehensive income. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income tax, if any. Current tax assets/liabilities are offset if certain criteria are met. It is measured using tax rates enacted or substantively enacted at the reporting period. The applicable tax rate for the Company is currently 27.5%, provided that all individual receipts and/or payments exceeding BDT 5 Lakh are made through banking channel, and, the total of receipt and/or payments made through non-banking channel does not exceed BDT 36 Lakh during the year. If the aforementioned conditions are not fulfilled, in that case the corporate tax rate shall be 30%.

### 3.6 Revenue recognition

In compliance with the requirements of IFRS 15 : Revenue from contracts with customers is measured at the fair value of the consideration received or receivable.

Service revenue: Revenue from services rendered is recognized when invoices are raised based on the contract with customer for monthly USD 10,000.

Revenue from export: Revenue from export rendered is recognized when invoices are raised based on the contract with customer as sample exported from Bangladesh.

Commission revenue: Revenue from commission rendered is recognized when invoices are raised based on the contract with customer as 2% of the sales exported from Bangladesh.

### 3.7 Foreign currency transactions

Transactions in foreign currency are translated to Bangladesh Taka at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency at the reporting date are retranslated to the functional currency at the exchange rate prevailing at that date.



### 3.8 Related party

A related party is a person or an entity that is related to the reporting entity:

- (i) A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel.
- (ii) An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

#### **Parent and ultimate controlling party**

Simple Approach Limited, Hongkong holds 99.9997% equity shares in the Company. As a result, they are the ultimate controlling party of the Company.

### 3.9 Employee benefits

The company's employee benefits include the following:

#### **Short Term Employee Benefits;**

These includes employee benefits provided to employees to ensure better working conditions in line with Labour Law 2006 and its subsequent amendments. Transportation for admin and management employee, Advance against salary, Festival bonus, Leave encashment, termination benefits as per Law, etc. Obligations for such benefits are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.10 Events after reporting period

Events after the reporting period that provide additional information about the company's position at the date of statement of financial position or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

### 3.11 General

- i) Prior year's figures have been rearranged and restated wherever considered necessary to ensure comparability with the current year and comply with relevant IFRSs.
- ii) Figures in bracket denote negative.
- iii) Figures have been rounded off to the nearest integer.



#### 4 Property, plant & equipment

In Taka	Notes	31-Mar-24	31-Mar-23
<b>Cost:</b>			
Opening balance		-	-
Addition for the period		59,247,388	-
<b>Closing balance</b>		<b>59,247,388</b>	<b>-</b>
<b>Accumulated depreciation:</b>			
Opening balance		-	-
Depreciation charged during the period		2,559,883	-
<b>Closing balance</b>		<b>2,559,883</b>	<b>-</b>
<b>Written down value (WDV)</b>		<b>56,687,505</b>	<b>-</b>

*Assets wise details have been given in Annexure-A(i)*

#### 5 Right of use assets

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance			-
Addition during the year		50,321,240	
Accumulated depreciation		(3,427,489)	-
<b>Closing balance</b>		<b>46,893,751</b>	<b>-</b>

*Assets wise details have been given in Annexure-A(ii)*

#### 6 Advance, deposit and prepayment:

In Taka	Notes	31-Mar-24	31-Mar-23
Advance	6.1	3,750,733	17,187,807
Deposit	6.2	789,529	2,000,000
Prepayments	6.3	31,625	25,300
<b>Total</b>		<b>4,571,887</b>	<b>19,213,107</b>

##### 6.1 Advance

In Taka	Notes	31-Mar-24	31-Mar-23
Advance Against Factory Rent		-	12,880,000
Advance against expense		226,466	4,307,807
Advance Against Salaries		30,000	-
Advance Income Tax		3,494,267	-
<b>Total</b>		<b>3,750,733</b>	<b>17,187,807</b>

##### 6.2 Deposit

In Taka	Notes	31-Mar-24	31-Mar-23
Security Deposit-Office & Factory Rent		789,529	2,000,000
<b>Total</b>		<b>789,529</b>	<b>2,000,000</b>

##### 6.3 Prepayments

In Taka	Notes	31-Mar-24	31-Mar-23
Prepaid Rent		31,625	25,300
<b>Total</b>		<b>31,625</b>	<b>25,300</b>

## 7 Cash and cash equivalents

In Taka	Notes	31-Mar-24	31-Mar-23
Cash in Hand		193,982	107,128
Cash at Bank	7.1	12,850,088	17,181,776
<b>Total</b>		<b>13,044,070</b>	<b>17,288,904</b>

### 7.1 Cash at Bank

In Taka	Notes	31-Mar-24	31-Mar-23
Cash at Nagad		141,101	-
Cash at Bank (Commercial Bank of Ceylon)		12,708,987	17,181,776
<b>Total</b>		<b>12,850,088</b>	<b>17,181,776</b>

## 8 Share capital

### Authorized capital:

10,00,000 Ordinary shares of Taka 100 each	100,000,000	100,000,000
	<b>100,000,000</b>	<b>100,000,000</b>

### Issued, subscribed and paid up capital:

354,386 ordinary shares of Tk. 100 each	35,438,600	35,438,600
	<b>35,438,600</b>	<b>35,438,600</b>

### Share holding position:

Name of the shareholders	%	Par Value	No of shares	Total
Simple Approach Limited, Hongkong	99.9997%	Tk 100.00	354,385	35,438,500
Mohammad Abul Hasanat Khan	0.0003%	Tk 100.00	1	100
<b>Total</b>	<b>100%</b>		<b>354,386</b>	<b>35,438,600</b>

## 9 Share money deposit

In Taka	Notes	31-Mar-24	31-Mar-23
Opening Balance		-	-
Add: Receive during the period		56,089,500	-
<b>Total</b>		<b>56,089,500</b>	<b>-</b>

The management of Simple Approach Bangladesh Private Limited has taken decision in the Board of Director's meeting held on 12th February 2024 for the allocation of share money deposit to share capital. The submission of the return of allotment of shares (Form-XV) to the Register of Joint Stock Companies (RJSC) is under process.

## 10 Lease liabilities

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		-	-
Addition during the year		28,917,468	-
<b>Closing balance</b>		<b>28,917,468</b>	<b>-</b>
Lease liabilities - non current portion		28,501,335	-
Lease liabilities - current portion		416,133	-
<b>Total</b>		<b>28,917,468</b>	<b>-</b>



**11 Short term loan from related party**

In Taka	Notes	31-Mar-24	31-Mar-23
Simple Approach Limited, Hongkong		22,012,500	-
<b>Total</b>		<b>22,012,500</b>	<b>-</b>

**12 Liabilities for expenses**

In Taka	Notes	31-Mar-24	31-Mar-23
Audit fees payable		143,750	57,500
Other accrued liabilities & payables		5,351,728	75,500
Salary Payables		4,200,936	-
Employee Payable		128,300	-
Electricity Payable		250,000	-
Leave Encashment Payable		416,351	-
TDS Payable		274,135	35,445
VDS Payable		892,377	1,768,693
<b>Closing balance</b>		<b>11,657,577</b>	<b>1,937,138</b>

**13 Provision for Income Tax**

In Taka	Notes	31-Mar-24	31-Mar-23
Opening balance		-	-
Addition during the year		3,614,548	-
<b>Closing balance</b>		<b>3,614,548</b>	<b>-</b>



**14.00 Service revenue**

In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Gross service revenue		7,665,000	-
Gross export		122,640	-
Gross commission revenue		25,985,369	-
Less: Value added tax		-	-
<b>Net revenue</b>		<b>33,773,009</b>	<b>-</b>

**15.00 Operating & selling expenses**

In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Salary and allowance		28,600,949	-
Bank Charges-Others		52,925	23,675
Audit Fees		143,750	57,500
Car Hire Charges - On Call		794,104	-
Depreciation		2,559,883	-
Depreciation - RoU		3,427,489	-
Electricity Charges		1,992,965	-
Entertainment Expenses		437,386	454
Generator Running & Fuel		999,994	-
Government Fees		74,885	-
Handling/Transport Charges		31,461	-
Housekeeping & Cleaning Expenses		694,081	-
Welfare Expenses - Staff		10,400	-
Insurance - General		259,055	-
Internet & Email Charges		122,398	-
Interest on Leased liabilities		1,687,709	-
Legal & Professional Charges		357,489	245,157
License Fees		48,099	238,891
Life Insurance Contributions-Staff		106,580	-
Insurance - Employees Health/Medical-St		2,316,129	-
Club & Membership Fees		6,804	-
Mobile Phones Expenses		57,309	-
Courier Charges - International		6,967,032	-
Office Supplies		3,542,486	278,150
Printing & Stationery		818,640	-
Purchase Trims & Accessories - Sampling		3,865,299	-
Rent-Office		732,497	29,900
Repairs & Maintenance - Furniture & Off		54,683	-
Repairs & Maintenance - Others		601,439	-
Repairs & Maintenance - Vehicle		2,833	-



In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Stall Training Expenses		56,250	-
Security Charges		1,173,659	-
Telephone Expenses		331,982	-
Transport Allowance-Staff		2,321,450	-
Travel - Local		130,213	-
Vehicle Fuel		478,966	-
<b>Total</b>		<b>65,862,272</b>	<b>873,727</b>

**15.01 Salary and allowance**

In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Salary local		26,692,598	-
Overtime-Staff		1,337,728	-
Bonus- Staff		32,192	-
Leave Encashment		538,431	-
<b>Total</b>		<b>28,600,949</b>	<b>-</b>

**16.00 Finance income**

In Taka	Notes	01 Apr 2023 to 31 Mar 2024	25 May 2022 to 31 Mar 2023
Interest on lease assets		44,558	-
<b>Total</b>		<b>44,558</b>	<b>-</b>



17 **Financial instruments - Fair values and risk management**

See accounting policy in Note 3.3.

17.1 **Accounting classifications and fair values**

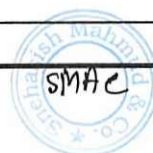
The following table shows the carrying amounts of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

**Carrying amount as at 31 March 2024**

In taka	Note	Fair value hedging instruments	Mandatorily at FVTPL others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at cost	Other financial liabilities	Total amount
<b>Financial assets not measured at fair value</b>								
Advance, deposit and prepayment	4.00	-	-	-	-	4,571,887	-	4,571,887
Cash & cash equivalents	5.00	-	-	-	-	13,044,070	-	13,044,070
<b>Total</b>		-	-	-	-	<b>17,615,957</b>	-	<b>17,615,957</b>
<b>Financial liabilities not measured at fair value</b>								
Lease liabilities	10.00	-	-	-	-	-	28,917,468	28,917,468
Short term loan from related party	11.00	-	-	-	-	-	22,012,500	22,012,500
Liability for expenses	12.00	-	-	-	-	-	11,657,577	11,657,577
<b>Total</b>		-	-	-	-	-	<b>62,587,545</b>	<b>62,587,545</b>

**Carrying amount as at 31 March 2023**

In taka	Note	Fair value hedging instruments	Mandatorily at FVTPL others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at cost	Other financial liabilities	Total amount
<b>Financial assets not measured at fair value</b>								
Advance, deposit and prepayment	4.00	-	-	-	-	19,213,107	-	19,213,107
Cash & cash equivalents	5.00	-	-	-	-	17,288,904	-	17,288,904
<b>Total</b>		-	-	-	-	<b>36,502,011</b>	-	<b>36,502,011</b>



In taka	Note	Fair value hedging instruments	Mandatorily at FVTPL others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at cost	Other financial liabilities	Total amount
<b>Financial liabilities not measured at fair value</b>								
Lease liabilities	10.00	-	-	-	-	-	-	-
Short term loan from related party	11.00	-	-	-	-	-	-	-
Liability for expenses	12.00	-	-	-	-	-	1,937,138	1,937,138
<b>Total</b>		-	-	-	-	-	<b>1,937,138</b>	<b>1,937,138</b>

## 17.2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk (see 17.2.1)
- Liquidity risk (see 17.2.2)
- Market risk (see 17.2.3)

The Board of Directors of the company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

### 17.2.1 Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, receivables are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile, etc.

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

#### a) Cash and cash equivalents

The Company held cash and cash equivalents: Bank balances of Taka 12,850,088 and cash in hand of Taka 193,982 at 31 March 2024, which represents its maximum credit exposure on these assets. The cash and cash equivalents: Bank balances are held with Commercial Bank of Ceylon Plc in Bangladesh.

### 17.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing 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 damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the parent company in the form of shareholder's loan/capital contribution.

The followings are the contractual maturities of non derivative financial liabilities:

Contractual cash flows								
31 March 2024	Note	Carrying amount	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years	Total
In taka								
Lease liabilities	10.00	28,917,468	-	-	-	28,917,468	-	28,917,468
Short term loan from related party	11.00	22,012,500	-	22,012,500	-	-	-	22,012,500
Liability for expenses	12.00	11,657,577	11,657,577	-	-	-	-	11,657,577
Closing balance		62,587,545	11,657,577	22,012,500	-	28,917,468	-	62,587,545

### 17.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.



**18 Related Party Transactions**

The company carried out a number of transactions with related party in the normal course of business. The name of the related parties, nature of business and their value have been set out below in accordance with the provisions of IAS -24 "related party disclosure."

Name of the party	Nature of relationship	Nature of transaction	Opening balance as on 01 July 2023	Net transaction during the period	Balance as on 31 March 2024
Simple Approach Limited, Hongkong	Shareholder	Share money deposit	-	56,089,500	56,089,500
		Service revenue	-	33,773,009	-
		Short -Term Loan	-	22,012,500	22,012,500

**19 Number of employees**

The company has one hundred two (102) employees during the period ended at 31 March 2024.



**S.Oliver Fashion India Private Limited****Balance Sheet as at March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Non-current tax assets (net)	4	355.62	355.62
<b>Total non-current assets</b>		<b>355.62</b>	<b>355.62</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	5	2,914.56	2,878.92
(ii) Bank balance other than (i) above	6	15,925.49	15,064.33
(iii) Other financial assets	7	173.27	286.41
(b) Other current assets	8	4,436.76	4,452.96
<b>Total current assets</b>		<b>23,450.09</b>	<b>22,682.62</b>
<b>Total assets</b>		<b>23,805.71</b>	<b>23,038.24</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	9	1,31,400.00	1,31,400.00
(b) Other equity	10	(1,09,077.22)	(1,09,480.16)
<b>Total equity</b>		<b>22,322.78</b>	<b>21,919.84</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	11		
- Total outstanding dues to micro and small enterprises		-	-
- Total outstanding dues to parties other than micro and small enterprises		270.97	220.10
(ii) Other financial liabilities	12	1,120.00	898.30
(b) Current tax liabilities	13	91.96	-
<b>Total current liabilities</b>		<b>1,482.93</b>	<b>1,118.40</b>
<b>Total equity and liabilities</b>		<b>23,805.71</b>	<b>23,038.24</b>
Summary of material accounting policies and explanatory information	3		
The accompanying notes form an integral part of these financial statements			

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of  
**S.Oliver Fashion India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

Sd/-

**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

**S.Oliver Fashion India Private Limited**  
**Statement of profit and loss for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
<b>I Other income</b>	14	847.84	640.25
<b>Total income (I)</b>		<b>847.84</b>	<b>640.25</b>
<b>II Expenses</b>			
Other expenses	15	309.38	598.49
<b>Total expenses (II)</b>		<b>309.38</b>	<b>598.49</b>
<b>III Profit before tax (I - II)</b>		<b>538.46</b>	<b>41.76</b>
<b>IV Tax expense</b>			
(a) Current tax	18	135.52	-
(b) Deferred tax		-	-
<b>Total Tax expenses (IV)</b>		<b>135.52</b>	<b>-</b>
<b>V Profit for the year (III - IV)</b>		<b>402.94</b>	<b>41.76</b>
<b>VI Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit plans		-	-
(b) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax (VI)</b>		<b>-</b>	<b>-</b>
<b>VII Total other comprehensive income (V + VI)</b>		<b>402.94</b>	<b>41.76</b>
<b>VIII Earnings per share: (face vale of ₹ 10 per share)</b>			
(1) Basic (in ₹)	16	0.03	0.00
(2) Diluted (in ₹)		0.03	0.00
Summary of material accounting policies and explanatory information	3		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of

**S.Oliver Fashion India Private Limited**

Sd/-

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**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

S.Oliver Fashion India Private Limited  
Statement of changes in equity for the year ended March 31, 2024  
(All amounts are in ₹ thousands unless otherwise specified)

A. Equity share capital

Particulars	Number of shares*	Amount
Balance at March 31, 2022	1,31,40,000	1,31,400.00
Changes in equity share capital during the year	-	-
Balance at March 31, 2023	1,31,40,000	1,31,400.00
Changes in equity share capital during the year	-	-
Balance at March 31, 2024	1,31,40,000	1,31,400.00

\*The number of shares are given in absolute numbers.

B. Other equity

Particulars	Security premium reserve	Retained Earnings	Total
Balance as at April 1, 2022	8,31,257.00	(9,40,778.92)	(1,09,521.92)
Profit for the year	-	41.76	41.76
Balance as at March 31, 2023	8,31,257.00	(9,40,737.16)	(1,09,480.16)
Profit for the year	-	402.94	402.94
Balance at March 31, 2024	8,31,257.00	(9,40,334.22)	(1,09,077.22)

Summary of material accounting policies and explanatory information 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached  
For Walker Chandiok & Co LLP  
Chartered Accountants  
Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of  
S.Oliver Fashion India Private Limited

Sd/-  
Lokesh Khemka  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

Sd/-  
Rajive Ranjan  
Director  
DIN:00198568

New Delhi  
May 14, 2024

Sd/-  
Reenah Joseph  
Director  
DIN:07590224

New Delhi  
May 14, 2024

**S.Oliver Fashion India Private Limited****Statement of cash flow for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash flow from operating activities</b>		
<b>Net profit before tax</b>	538.46	41.76
<b><u>Adjustments for:</u></b>		
Interest income - bank deposits	(846.63)	(637.36)
Interest on income tax refund	(1.21)	-
<b>Operating loss before change in working capital</b>	<b>(309.38)</b>	<b>(595.60)</b>
<b>Movements in working capital:</b>		
Change in other financial assets	-	271.50
Change in other assets	16.20	1,677.82
Change in trade payables	50.86	-
Change in other financial liabilities	221.70	(984.75)
Change in other liabilities	-	(189.74)
<b>Cash generated from operations</b>	<b>(20.62)</b>	<b>179.23</b>
Direct tax paid (net of refunds)	(42.34)	-
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(62.96)</b>	<b>179.23</b>
<b>B. Cash flow from investing activities</b>		
Investment in fixed deposits (net)	(861.17)	(1,726.27)
Interest received on bank deposits	959.77	637.36
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>98.60</b>	<b>(1,088.91)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B)</b>	<b>35.64</b>	<b>(909.68)</b>
Cash and cash equivalents at the beginning of the year (refer note 5)	2,878.92	3,788.60
<b>Cash and cash equivalents at the end of the year (refer note 5)</b>	<b>2,914.56</b>	<b>2,878.92</b>
<b>Components of cash and cash equivalents:</b>		
Balances with banks - current accounts	2,914.56	2,878.92
<b>Cash and cash equivalents at the end of the year (refer note 5)</b>	<b>2,914.56</b>	<b>2,878.92</b>

Summary of material accounting policies and explanatory information

3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of  
**S.Oliver Fashion India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

Sd/-

**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

## S.Oliver Fashion India Private Limited

### Summary of significant accounting policies and other explanatory information

(All amounts are in ₹ thousands unless otherwise specified)

#### 1. General information

S.Oliver Fashion India Private Limited ('the Company') was incorporated on December 17, 2002. The business activities of the Company consists of providing sourcing support services to fellow subsidiary . The registered office of the Company is situated at Gurugram, Haryana.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2024.

The financial statements of the company for the year ended March 31, 2024 was approved by the Board of Directors and authorised for issue on May 14, 2024.

#### 2. Statement of compliance

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

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

##### Basis of preparation and presentation

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

##### Recent accounting pronouncement

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2024, MCA has not notified any new standards applicable to the company

#### 3. Material accounting policies

##### 3.1 Material accounting judgements, estimates and assumptions

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

##### Judgements:

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

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

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

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

##### 3.2 Classification of current / non-current liabilities and assets

###### Liability

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

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

All other liabilities are classified as non-current.

###### Asset

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

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

All other assets are classified as non-current.

##### 3.3 Operating cycle

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

## S.Oliver Fashion India Private Limited

### Summary of significant accounting policies and other explanatory information

(All amounts are in ₹ thousands unless otherwise specified)

#### 3.4 Revenue Recognition

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

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

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

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

#### Other income

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

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

#### 3.5 Taxation

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

##### (i) Current Tax

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

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

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

##### (ii) Deferred Tax

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

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

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

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

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

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

#### 3.6 Functional and presentation currency

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

#### 3.7 Earnings per share

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

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

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

## **S.Oliver Fashion India Private Limited**

### **Summary of significant accounting policies and other explanatory information**

*(All amounts are in ₹ thousands unless otherwise specified)*

#### **3.8 Cash and cash equivalents**

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

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

#### **3.10 Financial instruments**

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

##### **Financial assets**

###### **Initial recognition and measurement**

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

###### **Subsequent measurement**

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

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

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

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

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

- (a) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

###### **De-recognition of financial assets**

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

##### **Financial liabilities**

###### **Initial recognition and measurement**

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

###### **Subsequent measurement**

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

###### **De-recognition of financial liabilities**

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

###### **Offsetting of financial instruments**

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

## **S.Oliver Fashion India Private Limited**

### **Summary of significant accounting policies and other explanatory information**

*(All amounts are in ₹ thousands unless otherwise specified)*

#### **3.10 Impairment of financial assets**

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

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

#### **Other financial assets**

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

#### **3.11 Fair Value Measurement**

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### **3.12 Segment reporting**

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

**S.Oliver Fashion India Private Limited**  
**Notes forming part of financial statements**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	As at March 31, 2024	As at March 31, 2023
<b>4. Non-current tax assets (net)</b>		
TDS receivable	355.62	355.62
	<b>355.62</b>	<b>355.62</b>
<b>5. Cash and cash equivalents</b>		
Balances with banks		
-Current accounts	2,914.56	2,878.92
	<b>2,914.56</b>	<b>2,878.92</b>
<b>6. Other bank balances</b>		
Deposits with original maturity of more than 3 months but less than 12 months	15,925.49	15,064.33
	<b>15,925.49</b>	<b>15,064.33</b>
<b>7. Other current financial assets</b>		
<u>Unsecured, Considered good</u>		
Security deposits (refer note 'a' below and refer note 17)	30.00	30.00
Interest accrued on deposits	143.27	256.41
	<b>173.27</b>	<b>286.41</b>

(a) The Company has determined its security deposits are not in the nature of loans and accordingly have been classified as part of other financial assets.

<b>8. Other current assets</b>		
Particulars	As at March 31, 2024	As at March 31, 2023
<u>Unsecured, Considered good</u>		
Duty drawback receivable	4,436.76	4,436.76
Others	-	16.20
	<b>4,436.76</b>	<b>4,452.96</b>

<b>9. Equity share capital</b>		
Particulars	As at March 31, 2024	As at March 31, 2023
<b>Authorized capital</b>		
15,000,000 (March 31, 2023: 15,000,000) equity shares of ₹ 10 each	1,50,000.00	1,50,000.00
<b>Issued, Subscribed and paid up</b>		
13,140,000 (March 31, 2023: 13,140,000) equity shares of ₹ 10 each fully paid up	1,31,400.00	1,31,400.00
	<b>1,31,400.00</b>	<b>1,31,400.00</b>

(a) Reconciliation of issued and subscribed share capital:

	No of shares*	Amount
<b>Balance as at April 01, 2023</b>	1,31,40,000	1,31,400
Changes during the year	-	-
<b>Balance as at March 31, 2023</b>	<b>1,31,40,000</b>	<b>1,31,400</b>
Changes during the year	-	-
<b>Balance as at March 31, 2024</b>	<b>1,31,40,000</b>	<b>1,31,400</b>

(b) The Company has not issued any bonus shares or any shares for consideration other than cash during five years immediately preceding March 31, 2024.

(c) **Terms/ rights attached to equity shares:**

The company has one class of equity shares having par value of ₹ 10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(d) **Details of shareholding holding more than 5% shares in the company**

	As at March 31, 2024		As at March 31, 2023	
	No of Shares*	Holding %	No of Shares*	Holding %
Technocian Fashions Private Limited	1,31,39,990	99.99%	1,31,39,990	99.99%

(e) **Details of shareholding of promoters:**

Particulars	Name of shareholder	Number of shares*	% of total shares	% Change during the year
<u>As at March 31, 2024</u>	NA	-	0%	0%
<u>As at March 31, 2023</u>	NA	-	0%	0%

\* The number of shares are given in absolute numbers.

**10. Other equity**

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings (refer note (i) below)	(9,40,334.22)	(9,40,737.16)
Security premium reserve (refer note (ii) below)	8,31,257.00	8,31,257.00
	<b>(1,09,077.22)</b>	<b>(1,09,480.16)</b>

Note : For details, refer 'the Statement of Changes in Equity

i) Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserve, if any, dividend and other distributions made to the shareholders.

ii) Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**11. Trade payables**

Particulars	As at March 31, 2024	As at March 31, 2023
- Total outstanding dues to Micro Enterprises and Small Enterprises (refer note 'b' & 'c' below)	-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises	270.97	220.10
	<b>270.97</b>	<b>220.10</b>

Notes:

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

(b) As per Schedule III of the Companies Act, 2013 and notification no. G.S.R 719(E) dated November 16, 2017 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

Particulars	As at March 31, 2024	As at March 31, 2023
- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

(c) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company.

(d) Ageing Analysis

Particulars	As at March 31, 2024					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises	270.97	-	-	-	-	270.97
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>270.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270.97</b>

Particulars	As at March 31, 2024					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-

S.Oliver Fashion India Private Limited

Notes forming part of financial statements

(All amounts are in ₹ thousands unless otherwise specified)

- Total outstanding dues to parties other than micro enterprises and small enterprises	218.59	1.51	-	-	-	220.10
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>218.59</b>	<b>1.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220.10</b>

**S.Oliver Fashion India Private Limited**  
**Notes forming part of financial statements**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	As at March 31, 2024	As at March 31, 2023
<b>12. Other current financial liabilities</b>		
Due to related parties (refer note 17)	1,120.00	898.30
	<b>1,120.00</b>	<b>898.30</b>
<b>13. Current tax liabilities</b>		
Provision for income tax (net of advance)	91.96	-
	<b>91.96</b>	<b>-</b>
Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>14. Other income</b>		
Interest income - bank deposits carried at amortised cost	846.63	637.36
Interest on income tax refund	1.21	2.89
	<b>847.84</b>	<b>640.25</b>
<b>15. Other expenses</b>		
Auditors' remuneration (refer note (i) below)	100.00	75.00
Bank charges	0.56	24.78
Legal and professional fees	30.74	247.32
Rates and taxes	20.06	29.89
Rent (refer note 23)	157.80	192.69
Repairs and maintenance- others	-	22.83
Miscellaneous expenses	0.23	5.88
Travelling and conveyance	-	0.10
	<b>309.38</b>	<b>598.49</b>
Notes:		
(i) Auditor's remuneration:		
For statutory audit	100.00	75.00
	<b>100.00</b>	<b>75.00</b>

**16. Earnings per share**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit/ (loss) attributable to equity holders (₹)	402.94	41.76
Weighted average number of equity shares outstanding during the year (absolute figure)	1,31,40,000	1,31,40,000
Basic earnings per share (₹)	0.03	0.00
Diluted earnings per share (₹)	0.03	0.00
Face value per share (₹)	10	10

**17. Related party disclosures**

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

**(a) Details of related parties:**

Description of relationship	Names of related parties
Ultimate Holding Company	PDS Limited* S.Oliver Bernd Freier GmbH**
Holding Company	Technocian Fashions Private Limited* Texlog AG (earlier known as Texlog GmbH)**
Key Management Personnel	Mr. Rajive Ranjan- Director Ms. Reenah Joseph - Director

\*with effect from May 27, 2022

\*\*Upto May 26, 2022

**17. Related party disclosures (cont'd)**

**(b) Details of related party transactions during the year ended March 31, 2024:**

Particulars	Relationship	Year ended March 31, 2024	Year ended March 31, 2023
<u>Reimbursement of Expenses To</u> Technocian Fashions Private Limited	Holding company	101.70	788.30
<u>Rent expense</u> Technocian Fashions Private Limited	Holding company	120.00	110.00

**(c) Details of related party outstanding balance as at March 31, 2024:**

Particulars	Relationship	As at March 31, 2024	As at March 31, 2023
<u>Due to related parties</u> Technocian fashions private limited	Holding company	1,120.00	898.30
<u>Other financial assets</u> Technocian fashions private limited	Holding company	30.00	30.00

**18. Income taxes**

**Income tax expense in the Statement of Profit and Loss**

The major components of income tax expense for the years ended March 31, 2024 and March 31, 2023 are:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax	538.46	41.76
(a) <u>Income tax expense</u>		
Current tax	135.52	-
Deferred tax	-	-
<b>Total tax expense</b>	<b>135.52</b>	<b>-</b>

**(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:**

<b>Accounting profit before tax</b>	<b>538.46</b>	<b>41.76</b>
Tax @ 25.168 being the applicable Indian tax rate	135.52	-
<b>At the effective income tax rate</b>	<b>135.52</b>	<b>-</b>

**19. Financial risk management**

The Company's principal financial liabilities comprise trade payables and dues to related party. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations.

The Company's principal financial assets includes security deposits, cash and other bank balances and interest accrued but not due on fixed deposits.

The Company is exposed to credit risk liquidity risk and market risk. The Company's senior level personnel oversees the management of these risks.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have borrowings and hence no interest risk exists. The Company has not entered into any transaction which is denominated in foreign currency and hence no foreign currency risk exists.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, maintain optimum levels of liquidity to meet its cash and collateral requirements. It maintains adequate sources of financing including loans from banks at an optimized cost.

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

As at March 31, 2024	Less than 12 months	1 to 5 years	> 5 years	Total
Trade payables	270.97	-	-	270.97
Other financial liabilities	1,120.00	-	-	1,120.00
	<b>1,390.96</b>	<b>-</b>	<b>-</b>	<b>1,390.96</b>

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

As at March 31, 2023	Less than 12 months	1 to 5 years	> 5 years	Total
Trade payables	220.10	-	-	220.10
Other financial liabilities	898.30	-	-	898.30
	<b>1,118.40</b>	<b>-</b>	<b>-</b>	<b>1,118.40</b>

**19. Financial risk management (cont'd)**

**(c) Credit risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. The management considers the factors that may influence the credit risk of its customer base, including the default risk etc.

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

Trade receivable- The Company does not have any trade receivable and hence no credit risk exists for trade receivable.

For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and interest accrued on deposits is evaluated as very low.

For security deposits - Credit risk is considered low because the Company is in possession of the underlying asset.

**20. Capital management**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowing	-	-
Less: Cash & cash equivalents (refer note 5)	(2,914.56)	(2,878.92)
Less: Bank balances other than cash and cash equivalents (refer note 6)	(15,925.49)	(15,064.33)
<b>Adjusted net debt (A)</b>	<b>(18,840.05)</b>	<b>(17,943.25)</b>
Equity share capital (refer note 9)	1,31,400.00	1,31,400.00
Other equity (refer note 10)	(1,09,077.22)	(1,09,480.16)
<b>Total Capital (B)</b>	<b>22,322.78</b>	<b>21,919.84</b>
<b>Capital and net debt (A+B)</b>	<b>3,482.73</b>	<b>3,976.59</b>

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023

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

**21. Fair value disclosure**

**(a) The carrying amounts of financial assets by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets measured at amortised cost</b>		
Cash and cash equivalents	2,914.56	2,878.92
Bank balance	15,925.49	15,064.33
Other financial assets	173.27	286.41
<b>Total financial assets</b>	<b>19,013.32</b>	<b>18,229.66</b>

**(a) The carrying amounts of financial liabilities by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial liabilities measured at amortised cost</b>		
Trade payables	270.97	220.10
Other financial liabilities	1,120.00	898.30
<b>Total financial liabilities</b>	<b>1,390.96</b>	<b>1,118.40</b>

The fair value of cash and bank balances, other financial assets, trade payable and other financial liabilities are considered to be equal to the carrying amount of these items due to their short term nature.

**S.Oliver Fashion India Private Limited****Notes forming part of financial statements***(All amounts are in ₹ thousands unless otherwise specified)***22. Fair Value Hierarchy**

The Company's accounting policies and disclosures requires the measurement of fair values, for financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

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

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

**23. Leases**

(i) The Company has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

(ii) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Short-term leases	157.80	192.69
<b>Total</b>	<b>157.80</b>	<b>192.69</b>

**24. Ratio Analysis**

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variation	Reason
Current Ratio (in times)	Total current assets	Total current Liabilities	15.81	20.28	-22%	NA
Return on investment	Income from investment	Cost of investment	5.32%	4.23%	1.09%	NA
Trade payable turnover ratio	Purchase of stock in trade	Average trade payables	1.26	1.90	-34%	On account of decrease in expenses during the year
Return on Equity Ratio (in times)	Profit for the year less Preference dividend (if any)	Average Total Equity	0.02	0.00	855%	On account of increase in profit earned during the year.
Return on Capital employed (in %)	Profit before tax and finance costs	Capital employed = Net worth + Deferred tax liabilities	0.02	0.00	1166%	On account of increase in profit earned during the year.

**25. Subsequent events**

No events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2024.

**26. Contingencies and capital commitments**

There is no contingent liability and capital commitments as at March 31, 2024.

27. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**28. Additional information, as required under Schedule III to the Companies Act, 2013,**

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(b) The Company does not have any transactions with companies struck off.

(c) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.

(d) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**S.Oliver Fashion India Private Limited**

**Notes forming part of the financial statements**

*(All amounts are in ₹ thousands unless otherwise specified)*

**29. Audit Trail**

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company uses the accounting software for maintaining its books of account. During the year ended 31 March 2024, the Company had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as it would impact database performance significantly. Audit trail (edit log) is enabled at the application level as part of standard framework and the Company's users have access to perform transactions only from the application level.

**30. Comparatives**

The figures of the previous year have been re-grouped / re-classified to render them comparable with the figures of the current year.

As per our report of even date attached

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

For and on behalf of the Board of Directors of  
**S.Oliver Fashion India Private Limited**

Sd/-  
**Lokesh Khemka**  
Partner  
Membership Number: 067878

Sd/-  
**Rajive Ranjan**  
Director  
DIN:00198568

Sd/-  
**Reenah Joseph**  
Director  
DIN:07590224

Bengaluru  
May 14, 2024

New Delhi  
May 14, 2024

New Delhi  
May 14, 2024

**S.O.T. Garments India Private Limited**  
**Balance Sheet as at March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	6	952.10	1,215.63
(b) Financial assets			
i) Other financial assets	7	-	1,459.25
(c) Deferred tax assets	29	3,797.74	4,241.35
(d) Non-current tax assets (net)	8	744.48	289.65
<b>Total non-current assets</b>		<b>5,494.32</b>	<b>7,205.88</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Trade receivables	9	41,370.93	27,376.91
(ii) Cash and cash equivalents	10	4,107.77	16,585.70
(iii) Other financial assets	7	417.21	-
(b) Other current assets	11	329.28	508.22
<b>Total current assets</b>		<b>46,225.19</b>	<b>44,470.83</b>
<b>Total assets</b>		<b>51,719.50</b>	<b>51,676.71</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	500.00	500.00
(b) Other equity	13	43,006.68	39,953.49
<b>Total equity</b>		<b>43,506.68</b>	<b>40,453.49</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Provisions	14	5,658.16	3,872.12
<b>Total non-current liabilities</b>		<b>5,658.16</b>	<b>3,872.12</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	15		
- Total outstanding dues to micro and small enterprises		-	-
- Total outstanding dues to parties other than micro and small enterprises		1,083.61	986.55
(ii) Other financial liabilities	16	1,070.30	2,441.09
(b) Other current liabilities	17	149.44	1,007.10
(c) Provisions	14	251.32	2,916.36
<b>Total current liabilities</b>		<b>2,554.67</b>	<b>7,351.10</b>
<b>Total equity and liabilities</b>		<b>51,719.50</b>	<b>51,676.71</b>
Summary of material accounting policies and explanatory information thereon	3		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of

**S.O.T. Garments India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

Sd/-

**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

**S.O.T. Garments India Private Limited****Statement of profit and loss for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
<b>I Revenue from operations</b>	18	23,840.42	50,715.11
<b>II Other income</b>	19	2,654.78	2,580.76
<b>III Total income (I + II)</b>		<b>26,495.20</b>	<b>53,295.87</b>
<b>IV Expenses</b>			
(a) Employee benefit expense	20	15,881.34	28,204.09
(b) Depreciation expense	21	706.59	2,649.73
(c) Other expenses	22	6,794.12	13,811.26
<b>Total expenses (IV)</b>		<b>23,382.05</b>	<b>44,665.08</b>
<b>V Profit before tax (III - IV)</b>		<b>3,113.15</b>	<b>8,630.79</b>
<b>VI Tax expense</b>			
(a) Current tax	29	-	1,628.29
(b) Deferred tax charge	29	347.06	3,669.24
<b>Total Tax expenses (VI)</b>		<b>347.06</b>	<b>5,297.53</b>
<b>VII Profit for the year (V - VI)</b>		<b>2,766.09</b>	<b>3,333.26</b>
<b>VIII Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement loss of defined benefit plans	28	383.64	(3,567.49)
(b) Income tax relating to items that will not be reclassified to profit or loss	29	(96.55)	897.87
<b>Other comprehensive profit/(loss) for the year, net of tax (VIII)</b>		<b>287.09</b>	<b>(2,669.62)</b>
<b>IX Total other comprehensive income (VII + VIII)</b>		<b>3,053.19</b>	<b>663.64</b>
<b>X Earnings per share: (face value of ₹ 10 per share)</b>	23		
(1) Basic (in ₹)		55.32	66.67
(2) Diluted (in ₹)		55.32	66.67
Summary of material accounting policies and explanatory information thereon	3		

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of

**S.O.T. Garments India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

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**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

**S.O.T. Garments India Private Limited**  
**Statement of changes in equity for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

**A. Equity share capital**

Particulars	Number of shares*	Amount
<b>Balance at April 01, 2022</b>	50,000.00	500.00
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2023</b>	50,000.00	500.00
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2024</b>	50,000.00	500.00

\*The number of shares are given in absolute numbers.

**B. Other equity**

	Reserve and surplus		Total Equity
	Retained Earnings	Other comprehensive Income	
<b>Balance as at April 01, 2022</b>	45,795.98	(141.00)	45,654.98
Profit for the year	3,333.26	-	3,333.26
Other comprehensive income, net of income tax	-	(2,669.62)	(2,669.62)
Dividend paid	(6,365.13)	-	(6,365.13)
<b>Balance as at March 31, 2023</b>	<b>42,764.11</b>	<b>(2,810.61)</b>	<b>39,953.49</b>
Profit for the year	2,766.09	-	2,766.09
Other comprehensive income, net of income tax	-	287.09	287.09
<b>Balance at March 31, 2024</b>	<b>45,530.20</b>	<b>(2,523.52)</b>	<b>43,006.68</b>

Summary of material accounting policies and explanatory information thereon

3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of

**S.O.T. Garments India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

Sd/-

**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

**S.O.T. Garments India Private Limited**  
**Statement of cash flow for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	3,113.15	8,630.79
<b><u>Adjustments for:</u></b>		
Depreciation and amortisation	706.59	2,649.73
Gain on sale of property, plant & equipment	(858.40)	(25.40)
Interest income on tax refund	(4.06)	-
Unrealised foreign exchange fluctuation gain	(370.88)	-
<b>Operating profit before change in working capital</b>	<b>2,586.41</b>	<b>11,255.12</b>
<b>Movements in working capital:</b>		
Change in trade receivables	(13,623.15)	(2,232.59)
Change in other financial assets	1,042.04	4,568.26
Change in other assets	178.94	2,489.20
Change in trade payables	97.06	(717.94)
Change in provisions	(495.36)	(4,711.84)
Change in other financial liabilities	(1,370.79)	(1,411.02)
Change in other liabilities	(857.66)	(2,982.88)
<b>Cash generated (used in)/ from operations</b>	<b>(12,442.52)</b>	<b>6,256.31</b>
Direct tax (paid) /refund	(450.78)	802.23
<b>Net cash flow (used in)/ from operating activities (A)</b>	<b>(12,893.30)</b>	<b>7,058.54</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(478.28)	-
Proceeds from sale of property, plant and equipment	893.62	137.84
<b>Net cash generated from investing activities (B)</b>	<b>415.34</b>	<b>137.84</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid during the year	-	(6,365.13)
<b>Net cash flow used in financing activities (C)</b>	<b>-</b>	<b>(6,365.13)</b>
<b>Net (decrease) /increase in cash and cash equivalents (A+B+C)</b>	<b>(12,477.93)</b>	<b>831.25</b>
Cash and cash equivalents at the beginning of the year (refer note 10)	16,585.70	15,754.45
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>4,107.77</b>	<b>16,585.70</b>
<b>Component of Cash and cash equivalents</b>		
With bank - on current account	4,107.77	16,585.70
<b>Cash and cash equivalents at the end of the year (refer note 10)</b>	<b>4,107.77</b>	<b>16,585.70</b>

Summary of material accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

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

For and on behalf of the Board of Directors of  
**S.O.T. Garments India Private Limited**

Sd/-

**Lokesh Khemka**  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

Sd/-

**Rajive Ranjan**  
Director  
DIN:00198568

New Delhi  
May 14, 2024

Sd/-

**Reenah Joseph**  
Director  
DIN:07590224

New Delhi  
May 14, 2024

## **S.O.T. Garments India Private Limited**

### **Summary of material accounting policies and other explanatory information**

(All amounts are in ₹ thousands unless otherwise specified)

#### **1. General information**

S.O.T Garments India Private Limited ('the Company') was incorporated on April 20, 2006. The business activities of the Company consists of providing sourcing support services to fellow subsidiary . The registered office of the Company is situated at Chennai.

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2024.

The financial statements of the company for the year ended March 31, 2024 was approved by the Board of Directors and authorised for issue on May 14, 2024.

#### **2. Statement of compliance**

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

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

#### **Basis of accounting and preparation of financial statements**

The financial statements have been prepared on the historical cost convention on accrual basis. The financial statements are presented in ₹ and all values are rounded to the nearest thousands except where otherwise stated.

#### **Recent accounting pronouncement**

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2024, MCA has not notified any new standards applicable to the company

#### **3. Material accounting policies**

##### **3.1 Material accounting judgements, estimates and assumptions**

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

#### **Judgements**

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

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

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

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

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

##### **3.2 Classification of current / non-current liabilities and assets**

#### **Liability**

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

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

All other liabilities are classified as non-current.

#### **Asset**

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

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

All other assets are classified as non-current.

##### **3.3 Operating cycle**

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

## **S.O.T. Garments India Private Limited**

### **Summary of material accounting policies and other explanatory information**

*(All amounts are in ₹ thousands unless otherwise specified)*

#### **3.4 Revenue Recognition**

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

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

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

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

#### **Other income**

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

i) Any other income is recognized on an accrual basis.

#### **3.5 Foreign currency transactions and translations**

##### **Functional and presentation currency**

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

##### **Initial recognition**

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

##### **Measurement at the reporting date**

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

**3. Summary of material accounting policies (cont'd)**

**3.6 Employee benefits**

Employee benefits include provident fund, gratuity and compensated absences.

**Defined contribution plan**

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

**Other long term benefits:**

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognized immediately in the Statement of Profit and Loss.

**Short-term employee benefit**

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

**Defined benefit Plan**

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

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

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

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

**3.7 Taxation**

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

**(i) Current Tax**

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

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

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

**(ii) Deferred Tax**

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

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

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

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

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

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

## **S.O.T. Garments India Private Limited**

### **Summary of material accounting policies and other explanatory information**

(All amounts are in ₹ thousands unless otherwise specified)

#### **3. Summary of material accounting policies (cont'd)**

##### **3.8 Property, plant and equipment**

###### **Recognition and measurement**

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

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss within other income or expense (as applicable).

###### **Subsequent costs:**

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

###### **Depreciation/Amortisation**

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

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

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

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

###### **Useful lives of property, plant and equipment:**

Furniture & fixture	4 Years
Office equipments - General & computers	4 Years
Leasehold improvements	4 Years
Vehicles	5 Years

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

##### **3.9 Impairment of non financial assets**

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

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

**3. Summary of material accounting policies (cont'd)**

**3.11 Segment reporting**

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

**3.12 Earnings per share**

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

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

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

**3.13 Cash and cash equivalents**

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

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

**3.15 Financial instruments**

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

**Financial assets**

**Initial recognition and measurement**

Other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.

**Subsequent measurement**

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

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

**•Financial assets carried at amortised cost**

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

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

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

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

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

**• Equity investment**

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

**De-recognition of financial assets**

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

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

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

**3. Summary of material accounting policies (cont'd)**

**3.15 Financial instruments (Cont'd)**

**De-recognition of financial liabilities**

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

**Offsetting of financial instruments**

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

**3.16 Impairment of financial assets**

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

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

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

**3.17 Fair value measurement**

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***6 Property, plant and equipment**

Particulars	Furniture and fixtures	Office equipments	Computer Hardware	Leasehold improvements	Motor Vehicles	Total
<b><u>Gross carrying value</u></b>						
<b>Balance as at April 01, 2022</b>	7,819.52	14,777.06	18,817.35	1,729.89	2,793.37	45,937.18
Additions during the year	-	-	-	-	-	-
Disposals during the year	(1,923.49)	(2,571.23)	(1,579.90)	(1,044.67)	-	(7,119.29)
<b>Balance as at March 31, 2023</b>	<b>5,896.03</b>	<b>12,205.83</b>	<b>17,237.45</b>	<b>685.22</b>	<b>2,793.37</b>	<b>38,817.90</b>
Additions during the year	466.50	11.78	-	-	-	478.28
Disposals during the year	-	(9,117.81)	(9,363.88)	(685.22)	(2,793.37)	(21,960.28)
<b>Balance as at March 31, 2024</b>	<b>6,362.53</b>	<b>3,099.80</b>	<b>7,873.57</b>	<b>-</b>	<b>-</b>	<b>17,335.90</b>
<b><u>Accumulated Depreciation</u></b>						
<b>Balance as at April 01, 2022</b>	7,819.52	13,641.21	15,975.40	1,729.89	2,793.37	41,959.39
Depreciation during the year	-	520.58	2,129.15	-	-	2,649.73
Disposals during the year	(1,923.49)	(2,499.49)	(1,539.20)	(1,044.67)	-	(7,006.85)
<b>Balance as at March 31, 2023</b>	<b>5,896.03</b>	<b>11,662.30</b>	<b>16,565.35</b>	<b>685.22</b>	<b>2,793.37</b>	<b>37,602.27</b>
Depreciation during the year	343.33	0.49	362.77	-	-	706.59
Disposals during the year	-	(9,082.58)	(9,363.88)	(685.22)	(2,793.37)	(21,925.06)
<b>Balance as at March 31, 2024</b>	<b>6,239.36</b>	<b>2,580.21</b>	<b>7,564.23</b>	<b>-</b>	<b>-</b>	<b>16,383.81</b>
<b>Net carrying amount</b>						
<b>As at March 31, 2024</b>	<b>123.17</b>	<b>519.60</b>	<b>309.33</b>	<b>-</b>	<b>-</b>	<b>952.10</b>
<b>As at March 31, 2023</b>	<b>-</b>	<b>543.53</b>	<b>672.10</b>	<b>-</b>	<b>-</b>	<b>1,215.63</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024**

(All amounts are in ₹ thousands unless otherwise specified)

**7 Other financial assets**

Particulars	As at March 31, 2024	As at March 31, 2023
<u>Unsecured, Considered good</u>		
<b>Non Current</b>		
Security deposits (refer note 'a' below)	-	1,459.25
<b>Current</b>		
Security deposits (refer note 'a' below)	358.21	-
Dues from related party	59.00	-
	<b>417.21</b>	<b>1,459.25</b>

(a) The Company has determined its security deposits are not in the nature of loans and accordingly have been classified as part of other financial assets.

**8 Non-current tax assets (Net)**

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provision for tax)	744.48	289.65
	<b>744.48</b>	<b>289.65</b>

**9 Trade receivables**

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivable considered good - unsecured (refer note 28)	41,370.93	27,376.91
	<b>41,370.93</b>	<b>27,376.91</b>
Less: Allowance for expected credit loss	-	-
	<b>41,370.93</b>	<b>27,376.91</b>

(a) No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person.

(b) Trade receivables are generally on terms of not more than 60 days.

(c) Trade receivables from overseas companies amounting to ₹ 24,744.26 (March 31, 2023: ₹ NIL) towards rendering of service are aged beyond the timelines stipulated in FED Master Direction No. 16/2015-16 under the Foreign Exchange Management Act, 1999. However, subsequent to the year ended March 31, 2024, on May 17, 2024, the Company has settled overdue receivables amounting to ₹ 24,660.12

**(d) Trade receivable ageing schedule**

Particulars	As at March 31, 2024				
	Note due	Less than 6 months	6 months - 1 year	1-2 years	Total
(i) Undisputed trade receivables - considered good	-	14,093.33	15,235.28	12,042.32	41,370.93
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-
<b>Total (A)</b>	-	14,093.33	15,235.28	12,042.32	41,370.93
Less:- Allowance for expected credit loss					-
<b>Total (B)</b>					-
<b>Total (A+B)</b>	-	14,093.33	15,235.28	12,042.32	41,370.93

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***9 Trade receivables (Cont'd)**

Particulars	March 31, 2023				
	Note due	Less than 6 months	6 months - 1 year	1-2 years	Total
(i) Undisputed trade receivables - considered good	-	27,376.91	-	-	27,376.91
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-
<b>Total (A)</b>	-	27,376.91	-	-	27,376.91
Less:- Allowance for expected credit loss					-
<b>Total (B)</b>					-
<b>Total (A+B)</b>	-	27,376.91	-	-	27,376.91

**10 Cash and cash equivalents**

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
Current accounts	4,107.77	16,585.70
	<b>4,107.77</b>	<b>16,585.70</b>

**11 Other current assets**Unsecured, Considered good

(a) Prepaid expenses	30.83	-
(b) Advance to Employees	-	20.00
(c) Balance with government authorities	298.45	488.22
	<b>329.28</b>	<b>508.22</b>

**12 Equity share capital**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Authorized capital</b>		
500,000 (March 31, 2023: 500,000) equity shares of ₹ 10 each	5,000.00	5,000.00
<b>Issued, Subscribed and paid up</b>		
50,000 (March 31, 2023: 50,000) equity shares of ₹ 10 each fully paid up	500.00	500.00
	<b>500.00</b>	<b>500.00</b>

**12 Equity share capital (Cont'd)**

(a) Reconciliation of issued and subscribed share capital:

	<b>No of shares*</b>	<b>Amount</b>
<b>Balance as at April 01, 2023</b>	50,000.00	500.00
Changes during the year	-	-
<b>Balance as at March 31, 2023</b>	50,000.00	500.00
Changes during the year	-	-
<b>Balance as at March 31, 2024</b>	50,000.00	500.00

(b) The Company has not issued any bonus shares or any shares for consideration other than cash during five years immediately preceding March 31, 2024.

(c) **Terms/ rights attached to equity shares:**

The company has one class of equity shares having par value of ₹10 per share. Each holder of Equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(d) Equity shares held by holding company:**

<b>Name of shareholder</b>	<b>As at March 31, 2024</b>		<b>As at March 31, 2023</b>	
	<b>No of Shares*</b>	<b>Holding %</b>	<b>No of Shares*</b>	<b>Holding %</b>
Technocian Fashions Private Limited	49,999	99.99%	49,999	99.99%

**(e) Details of shareholding holding more than 5% shares in the company**

<b>Name of shareholder</b>	<b>As at March 31, 2024</b>		<b>As at March 31, 2023</b>	
	<b>No of Shares*</b>	<b>Holding %</b>	<b>No of Shares*</b>	<b>Holding %</b>
Technocian Fashions Private Limited	49,999	99.99%	49,999	99.99%

**(f) Details of shareholding of promoters:**

<b>Particulars</b>	<b>Name of shareholder</b>	<b>Number of shares*</b>	<b>% of total shares</b>	<b>% Change during the year</b>
<b>As at March 31, 2024</b>	NA	-	-	0%
<b>As at March 31, 2023</b>	NA	-	-	0%

\*The number of shares are given in absolute numbers

**13 Other equity**

<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Retained earnings (refer note (i) below)	45,530.20	42,764.11
Other comprehensive income (refer note (ii) below)	(2,523.52)	(2,810.61)
	<b>43,006.68</b>	<b>39,953.49</b>

Note: For details refer statement of changes in equity

(i) Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserve, if any, dividend and other distributions made to the shareholders.

(ii) Other comprehensive income represent the cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

**14 Provisions**

<b>Particulars</b>	<b>Non-current</b>		<b>Current</b>	
	<b>As at March 31,</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
(a) <b>Provision for employee benefits</b>				
Provision for compensated absences	1,110.80	1,485.81	63.06	793.70
Provision for gratuity (refer note 27)	4,547.36	2,386.31	188.26	2,122.66
	<b>5,658.16</b>	<b>3,872.12</b>	<b>251.32</b>	<b>2,916.36</b>

**15 Trade payables**

<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
- Total outstanding dues to micro and small enterprises (refer note 'b' and 'c' below)	-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises	1,083.61	986.55
	<b>1,083.61</b>	<b>986.55</b>

Notes:

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

(b) As per Schedule III of the Companies Act, 2013 and notification no. G.S.R 719(E) dated November 16, 2017 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

**S.O.T. Garments India Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**15 Trade payables (Cont'd)**

Particulars	As at March 31, 2024	As at March 31, 2023
- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

(c) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company.

(d) Ageing Analysis

Particulars	As at March 31, 2024					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to micro and small enterprises	-	-	-	-	-	-
- Total outstanding dues to parties other than micro and small enterprises	580.44	503.17	-	-	-	1,083.61
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>580.44</b>	<b>503.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,083.61</b>

Particulars	As at March 31, 2023					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to micro and small enterprises	-	-	-	-	-	-
- Total outstanding dues to parties other than micro and small enterprises	890.68	95.87	-	-	-	986.55
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
<b>Total</b>	<b>890.68</b>	<b>95.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>986.55</b>

Particulars	As at March 31, 2024	As at March 31, 2023
<b>16 Other current financial liabilities</b>		
Deposits received (refer note 28)	30.00	-
Dues to employees	1,040.30	2,441.09
	<b>1,070.30</b>	<b>2,441.09</b>
<b>17 Other current liabilities</b>		
Statutory dues	149.44	1,007.10
	<b>149.44</b>	<b>1,007.10</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***18 Revenue from Operations**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sale of services (refer note 28)	23,840.42	50,715.11
	<b>23,840.42</b>	<b>50,715.11</b>

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

Particulars	Timing of revenue recognition	Year ended March 31, 2024	Year ended March 31, 2023
Sale of services (refer note 28)	Over time	23,840.42	50,715.11
<b>Total</b>		<b>23,840.42</b>	<b>50,715.11</b>

**(ii) Contract Balances**

Assets and liabilities related to contracts with customers:

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables (refer note 9)	41,370.93	27,376.91

Trade receivables are generally on terms of not more than 60 days.

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Revenue as per contract	23,840.42	50,715.11
	<b>23,840.42</b>	<b>50,715.11</b>

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
-------------	------------------------------	------------------------------

**19 Other income**

Foreign exchange fluctuation (net)	1,772.33	2,431.93
Gain on sale of property, plant and equipment	858.40	25.40
Interest income		
-on income tax refund	4.06	100.63
Rental income (refer note 28)	20.00	-
Miscellaneous income	-	22.80
	<b>2,654.78</b>	<b>2,580.76</b>

**20 Employee benefit expense**

Salaries, allowances and other benefits	14,035.87	25,151.30
Contribution to provident and other funds (refer note 27)	1,124.41	1,692.23
Staff welfare expenses	60.78	756.92
Gratuity expense (refer note 27)	660.29	603.64
	<b>15,881.34</b>	<b>28,204.09</b>

**21 Depreciation expense**

Depreciation of property, plant and equipment (refer note 6)	706.59	2,649.73
	<b>706.59</b>	<b>2,649.73</b>

**22 Other expenses**

Auditors' remuneration (refer note (i) below)	150.00	125.00
Bank charges	18.22	27.10
Communication expenses	231.10	872.64
Courier charges	24.24	167.48
Electricity charges	294.06	650.71
Hire charges	-	129.74
Insurance	5.26	69.81
Legal and professional fees	1,744.36	1,014.32
Printing and stationery	163.89	378.35
Rates and taxes	361.22	18.19
Rent (refer note 34)	1,321.25	4,247.50
Repairs and maintenance- others	613.52	3,323.34
Security expenses	468.72	553.44
Sundry expenses	305.39	81.63
Travelling and conveyance	1,092.90	2,152.01
	<b>6,794.12</b>	<b>13,811.26</b>

Notes:

- (i) Auditors' remuneration:
- 
- For statutory audit

	150.00	125.00
	<b>150.00</b>	<b>125.00</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***23 Earnings per share**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to equity holders (₹)	2,766.09	3,333.26
Weighted average number of equity shares outstanding during the year (absolute figure)	50,000	50,000
Basic earnings per share (₹)	55.32	66.67
Diluted earnings per share (₹)	55.32	66.67
Face value per share (₹)	10	10

**24 Segment Information**

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

The business activities of the Company consists of providing sourcing support services to fellow subsidiary. The disclosures as required under Ind AS 108 on operating segment reporting has not been provided as the Company deals in one business segment.

**Geographical information**

As the Company exports its services and there is no secondary segment for the Company. Information on the geographic segment is as follows:

Location	Revenue	
	Year ended March 31, 2024	Year ended March 31, 2023
Within India	-	-
Outside India	23,840.42	50,715.11
	<b>23,840.42</b>	<b>50,715.11</b>

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

The amount of its revenue from major customers (more than 10% of the total) is shown in the table below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Techno Design GmbH	23,840.42	50,715.11

**25 Transfer pricing**

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

- 26** The Shareholder's of the Company, in the meeting held on May 26, 2023, approved the scheme of Arrangement (the Scheme') whereby the Company is proposed to be merged with Technocian Fashions Private Limited the transferee Company. The appointed date of scheme is July 01, 2022 and approval of majority of the shareholders and creditors of S.O.T Garments India Private Limited and Technocian Fashions Private Limited has been taken. The Board of Directors of the Company approved the scheme on July 28, 2022.

**27 Employee benefits****(a) Defined contribution plans**

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised ₹ 1,124.41 (March 31, 2023: ₹ 1,692.23) in the Statement of Profit and Loss under Company's contribution to defined contribution plans.

**(b) Other long-term benefits**

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognized immediately in the Statement of Profit and Loss..

**(c) Defined benefit plans**

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Gratuity Act, 1972. The benefit vests on completing 5 years of service by the employee.

In accordance with Ind AS 19 "Employee benefits", the present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date.

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***27 Employee benefits (Cont'd)**

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the balance sheet:

(i) Amount recognised in Statement of Profit and Loss and other comprehensive income:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	342.40	386.08
Interest expense	365.47	979.35
Expected return on plan assets	(47.59)	(761.79)
<b>Amount recognised in Statement of profit and loss</b>	<b>660.29</b>	<b>603.64</b>
<b>Remeasurement of defined benefit liability:</b>		
Actuarial (gain)/loss from changes in financial assumptions	(383.64)	3,567.49
<b>Amount recognised in other comprehensive income</b>	<b>(383.64)</b>	<b>3,567.49</b>
<b>Total</b>	<b>276.65</b>	<b>4,171.13</b>

(ii) Reconciliation of fair value plan assets and defined benefit obligation

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan assets	416.36	675.06
Defined benefit obligation	5,151.97	5,184.03
<b>Net defined asset / (liability) recognised in the Balance Sheet</b>	<b>(4,735.62)</b>	<b>(4,508.97)</b>
Classified as non-current	(4,547.36)	(2,386.31)
Classified as current	(188.26)	(2,122.66)
<b>Total</b>	<b>(4,735.62)</b>	<b>(4,508.97)</b>

(iii) Actual contributions and benefit payments during the year

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Actual benefit payments	323.90	14,279.50

(iv) Changes in the present value of the defined benefit obligation are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Defined benefit obligation at beginning of the year	5,184.03	15,020.73
Current service cost	342.40	386.08
Interest expense	365.47	979.35
Actuarial (gain)/loss	(416.03)	3,077.36
Benefits paid	(323.90)	(14,279.50)
<b>Defined benefit obligation at end of the year</b>	<b>5,151.97</b>	<b>5,184.03</b>

(v) Changes in the fair value of plan assets are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Fair value of plan assets at beginning of the year	675.06	11,683.90
Expected return on plan assets	47.59	761.79
Employer contribution	50.00	2,999.00
Benefits paid	(323.90)	(14,279.50)
Actuarial (loss)/gain on plan assets	(32.39)	(490.13)
<b>Fair value of plan assets at end of the year</b>	<b>416.36</b>	<b>675.06</b>

(vi) Bifurcation of actuarial (gain)/loss on gratuity:

Remeasurement due to:		
Effect of change in demographic assumptions	(513.91)	92.71
Effect of change in financial assumptions	16.41	352.69
Effect of experience adjustment	113.87	3,122.09
<b>Total amount recognized in other comprehensive income</b>	<b>(383.64)</b>	<b>3,567.49</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024**

(All amounts are in ₹ thousands unless otherwise specified)

**27 Employee benefits (Cont'd)**(vii) The principal assumptions used in determining obligations for the Company's plan are shown below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate (in %)	7.21%	7.05%
Future salary increase (in %)	5.00%	5.00%
<u>Demographic Assumptions</u>		
(a) <u>Attrition at ages</u>		
Upto 30 years	0.00%	0.00%
31-44 years	33.00%	82.00%
Above 44 years	0.00%	57.00%
(b) Mortality	IALM (2012-14)	IALM (2012-14)
(c) Retirement age	58 years	58 years
(d) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.		
(e) The expected contribution for the next year is ₹ 715.21 (March 31, 2023: ₹ 643.65)		

(viii) Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Effect of +50 basis points in rate of discounting	(196.00)	(44.54)
Effect of -50 basis points in rate of discounting	206.01	45.49
Effect of +50 basis points in rate of salary increase	209.43	46.17
Effect of -50 basis points in rate of salary increase	(200.95)	(45.62)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(ix) Risk exposure:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Investment Risk:** If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability

**Discount Rate:** Reduction in discount rate in subsequent valuations can increase the plan's liability.

**Salary Escalation Risk:** Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability

**Mortality and Attrition Risk:** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**Withdrawals:** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

(x) The weighted average duration of the defined obligation as at March 31, 2024 is 8.12 years. (March 31, 2023: 1.75)

(xi) Maturity profile of defined benefit obligation is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
0-2 year	314.13	3,937.76
2 to 6 years	848.83	1,208.63
More than 6 years	3,989.01	37.63

**28 Related party disclosures**

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

**(a) Details of related parties:**

<u>Description of relationship</u>	<u>Names of related parties</u>
Ultimate Holding Company	PDS Limited
Holding Company	Technocian Fashions Private Limited
Fellow subsidiary	Techno Design GmbH
Key Management Personnel	Mr. Rajive Ranjan- Director Ms. Reenah Joseph - Director

**(b) Details of related party transactions during the year ended March 31, 2024 and outstanding balance as at March 31, 2024:**

<u>Particulars</u>	<u>Relationship</u>	<u>Year ended March 31, 2024</u>	<u>Year ended March 31, 2023</u>
<u>Revenue</u>			
Techno Design GmbH	Fellow subsidiary	23,840.42	50,715.11
<u>Rental income</u>			
Technocian Fashions Private Limited	Holding company	20.00	-
<u>Dividend paid</u>			
Technocian Fashions Private Limited	Holding company	-	6,365.00
Rajive Ranjan	Key managerial personnel	-	0.13
<u>Sale of asset</u>			
PDS Limited	Ultimate Holding Company	50.00	-

<u>Particulars</u>	<u>Relationship</u>	<u>As at March 31, 2024</u>	<u>As at March 31, 2023</u>
<u>C. Balance outstanding at the end of the year</u>			
<u>Sale of asset</u>			
PDS Limited	Ultimate Holding Company	59.00	
<u>Trade receivable</u>			
Techno Design GmbH	Fellow subsidiary	41,370.93	27,376.91
<u>Other current financial liabilities</u>			
Technocian Fashions Private Limited	Holding company	30.00	-

**S.O.T. Garments India Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**29 Income taxes**

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax	3,113.15	8,630.79
(a) Income tax expense		
Current tax:		
Current tax on profits for the year	-	680.00
Current tax on profits for the prior period	-	948.29
<b>Total current tax expense</b>	<b>-</b>	<b>1,628.29</b>
Deferred tax		
Recognised in Statement of profit and loss	347.06	3,669.24
<b>Total deferred tax expense/(benefit)</b>	<b>347.06</b>	<b>3,669.24</b>
<b>Income tax expense</b>	<b>347.06</b>	<b>5,297.54</b>
(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:		
Profit from continuing operations before income tax expense	<b>3,113.15</b>	<b>8,630.79</b>
Tax @ 25.168% being the applicable Indian tax rate	783.52	2,172.20
Tax on permanent tax disallowances	(436.46)	2,177.06
Others	-	948.29
<b>At the effective income tax rate</b>	<b>347.06</b>	<b>5,297.54</b>
<b>Income tax recognized in other comprehensive income</b>		
<b>Deferred tax related to items recognized in OCI during the year:</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Net loss/(gain) on remeasurements of defined benefit plans	(96.55)	897.87
<b>Net amount charged to OCI</b>	<b>(96.55)</b>	<b>897.87</b>

**(c) Deferred tax assets /liabilities**
**Movement in deferred tax liabilities (net)**

	As at April 01, 2023	Recognized in Statement of Profit and Loss	Recognized in Statement of Other Comprehensive income	As at March 31, 2024
<b>Deferred tax assets relates to the following:</b>				
Provision for gratuity and compensated absences	1,708.52	157.97	96.55	1,454.00
Property, plant and equipment	2,532.83	189.08	-	2,343.74
	<b>4,241.35</b>	<b>347.06</b>	<b>96.55</b>	<b>3,797.74</b>
<b>Total deferred tax asset (net)</b>	<b>4,241.35</b>	<b>347.06</b>	<b>96.55</b>	<b>3,797.74</b>

**Movement in deferred tax liabilities (net)**

	As at April 01, 2022	Recognized in Statement of Profit and Loss	Recognized in Statement of Other Comprehensive income	As at March 31, 2023
<b>Deferred tax assets relates to the following:</b>				
Provision for gratuity and compensated absences	2,954.23	2,143.57	(897.87)	1,708.52
Property, plant and equipment	4,058.50	1,525.67	-	2,532.83
	<b>7,012.73</b>	<b>3,669.24</b>	<b>(897.87)</b>	<b>4,241.35</b>
<b>Total deferred tax asset (net)</b>	<b>7,012.73</b>	<b>3,669.24</b>	<b>(897.87)</b>	<b>4,241.35</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***30 Financial risk management**

The Company's principal financial liabilities comprises trade payables, security deposit received and dues to employees. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's principal financial assets includes trade receivables, security deposits, dues from related party and cash and cash equivalents.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior level personnel oversees the management of these risks.

**(A) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk applicable in case of the Company primarily includes foreign currency risk.

**Foreign currency risk**

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

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Trade receivable	USD	41,370.93	15,058.06
Trade receivable	EUR	-	12,318.86
<b>Net Exposure</b>		<b>41,370.93</b>	<b>27,376.92</b>

**Foreign currency sensitivity:**

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

Particular	Change in exchange rate by	Impact on profit or loss			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2023
USD Sensitivity	+5%	2,068.55	752.90	(2,068.55)	(752.90)
EUR Sensitivity	+5%	-	615.94	-	(615.94)

Particular	Change in exchange rate by	Impact on total equity			
		Increase in FC exchange rates		Decrease in FC exchange rates	
		Year ended	Year ended	Year ended	Year ended
USD Sensitivity	+5%	1,547.93	563.41	(1,547.93)	(563.41)
EUR Sensitivity	+5%	-	460.92	-	(460.92)

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***(B) Liquidity risk**

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

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

As at March 31, 2024	Less than 12 months	1 to 5 years	>5 years	Total
Dues to employees	1,040.30	-	-	1,040.30
Deposit received	30.00	-	-	30.00
Trade payable	1,083.61	-	-	1,083.61
<b>Total</b>	<b>2,153.91</b>	<b>-</b>	<b>-</b>	<b>2,153.91</b>
As at March 31, 2023	Less than 12 months	1 to 5 years	>5 years	Total
Dues to employees	2,441.09	-	-	2,441.09
Trade payable	986.55	-	-	986.55
<b>Total</b>	<b>3,427.64</b>	<b>-</b>	<b>-</b>	<b>3,427.64</b>

**(C) Credit risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Company 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.

**i) Trade receivables**

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:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<u>Trade receivables</u>		
Less than 30 days	2,297.07	4,281.04
30 to 90 days	3,298.96	7,573.14
More than 90 days	35,774.91	15,522.73
<b>Total</b>	<b>41,370.93</b>	<b>27,376.91</b>

The total impairment loss amounting to Nil (March 31, 2023: Nil) on trade receivables.

**ii) Other financial assets**

For cash & cash equivalents- Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents is evaluated as very low.

For security deposits - Credit risk is considered low because the Company is in possession of the underlying asset.

**31 Capital management**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***31 Capital management (cont'd)****The Company's capital and adjusted net debt position is given below:**

Particular	As at March 31, 2024	As at March 31, 2023
Borrowing	-	-
Less: Cash & cash equivalents (refer note 10)	(4,107.77)	(16,585.70)
<b>Adjusted net debt (A)</b>	<b>(4,107.77)</b>	<b>(16,585.70)</b>
Equity share capital (refer note 12)	500.00	500.00
Other equity (refer note 13)	45,530.20	42,764.11
<b>Total capital (B)</b>	<b>46,030.20</b>	<b>43,264.11</b>
<b>Capital and net debt (A+B)</b>	<b>41,922.43</b>	<b>26,678.41</b>

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023

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

**32 Fair value disclosure****a) The carrying amounts of financial assets by categories is as follows:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Financial assets measured at amortised cost</b>		
Trade receivable	41,370.93	27,376.91
Cash and cash equivalents	4,107.77	16,585.70
Other financial assets	417.21	1,459.25
<b>Total financial assets</b>	<b>45,895.92</b>	<b>45,421.86</b>

**b) The carrying amounts of financial liabilities by categories is as follows:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Financial Liabilities measured at amortised cost</b>		
Trade payables	1,083.61	986.55
Other financial liabilities	1,070.30	2,441.09
<b>Total Financial liabilities</b>	<b>2,153.91</b>	<b>3,427.64</b>

The fair value of cash balances, trade receivable, other financial assets, trade payable and other financial liabilities are considered to be equal to the carrying amount of these items due to their short term nature.

**33 Fair Value Hierarchy**

The Company's accounting policies and disclosures requires the measurement of fair values, for financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

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

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

**34 Leases**

(i) The Company has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

(ii) Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Short-term leases	1,321.25	4,247.50
<b>Total</b>	<b>1,321.25</b>	<b>4,247.50</b>

**S.O.T. Garments India Private Limited****Notes to the financial statements for the year ended March 31, 2024**

(All amounts are in ₹ thousands unless otherwise specified)

**35 Additional information, as required under Schedule III Companies Act, 2023**

- (a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company does not have any transactions with companies struck off
- (c) The Company has not revalued its property, plant and equipment during the current or previous year.
- (d) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (e) The Company has complied with the number of layers prescribed under the Companies Act, 2013.

**36 Ratio Analysis**

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variation
Current Ratio (in times)^	Total current assets	Total current Liabilities	18.09	6.05	199.10%
Return on Equity Ratio (in times)	Profit for the year less Preference dividend (if any)	Average Shareholder's	0.07	0.08	-14.40%
Trade Receivables turnover ratio (in times)*	Revenue from operations	Average trade receivables	0.69	1.93	-64.06%
Trade Payable turnover ratio**	Expenses during the year	Average trade payables	6.56	10.26	-36.05%
Net capital turnover ratio (in times)*	Revenue from operations	Working capital (i.e. Total current assets less Total	0.55	1.37	-60.04%
Net profit ratio (in %)*	Profit for the year	Revenue from operations	11.60%	6.57%	76.53%
Return on Capital employed (in %)#	Profit before tax and finance costs	Capital employed = Net worth + Deferred tax liabilities + Total Debt	7.16%	21.34%	-66.46%

**Reason for variation beyond 25%**

^There is decrease in current liabilities on account of payment for the outstanding dues.

\*During the current year revenue has decreased.

#Due to decrease in profit before tax.

\*\*Due to decrease in expense during the year.

**37 Contingencies and capital commitments**

There is no contingent liability and capital commitments as at March 31, 2024.

- 38** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**39 Audit Trail**

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company uses the accounting software for maintaining its books of account. During the year ended 31 March 2024, the Company had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as it would impact database performance significantly. Audit trail (edit log) is enabled at the application level as part of standard framework and the Company's users have access to perform transactions only from the application level.

- 40** No events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2024.

**41 Comparatives**

The figures of the previous year have been re-grouped / re-classified to render them comparable with the figures of the current year.

As per our report of even date attached

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration Number: 001076N/N500013

For and on behalf of the Board of Directors of

**S.O.T. Garments India Private Limited**

Sd/-

**Lokesh Khemka**

Partner

Membership Number: 067878

Bengaluru

May 14, 2024

Sd/-

**Rajive Ranjan**

Director

DIN:00198568

New Delhi

May 14, 2024

Sd/-

**Reenah Joseph**

Director

DIN:07590224

New Delhi

May 14, 2024

**Company registration number 13392749 (England and Wales)**

**SPRING DESIGN LONDON LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

# SPRING DESIGN LONDON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr A Kanoi Mr S Punjabi Mr R Seregi (Appointed 16 October 2023)
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<b>Company number</b>	13392749
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<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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<b>Auditor</b>	UHY Hacker Young Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
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# SPRING DESIGN LONDON LIMITED

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# SPRING DESIGN LONDON LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### Principal activities

The principal activity of this company is that of a holding company.

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K Kanodia (Resigned 30 October 2023)

Mr A Kanoi

Mr S Punjabi

Mr R Seregi (Appointed 16 October 2023)

#### Auditor

In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the company will be put at a General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SPRING DESIGN LONDON LIMITED

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

On behalf of the board

*Roland Seregi*

.....  
Mr R Seregi

**Director**

Date: 14/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SPRING DESIGN LONDON LIMITED

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#### Opinion

We have audited the financial statements of Spring Design London Limited (the 'company') for the year ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF SPRING DESIGN LONDON LIMITED****Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SPRING DESIGN LONDON LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF SPRING DESIGN LONDON LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 14/05/2024  
Date: .....

**Chartered Accountants**  
**Statutory Auditor**

# SPRING DESIGN LONDON LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

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		2024	2023
	Notes	£	£
Administrative expenses		(8,929)	(17,161)
		<hr/>	<hr/>
<b>Operating loss</b>	<b>2</b>	(8,929)	(17,161)
Income tax expense		-	-
		<hr/>	<hr/>
<b>Loss and total comprehensive income for the year</b>		(8,929)	(17,161)
		<hr/> <hr/>	<hr/> <hr/>

**SPRING DESIGN LONDON LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	2023 £
<b>Non-current assets</b>			
Investments	4	490,897	-
<b>Current assets</b>			
Trade and other receivables	6	-	8,186
Cash and cash equivalents		4,015	65,183
		4,015	73,369
<b>Current liabilities</b>			
Trade and other payables	8	941,012	510,540
<b>Net current liabilities</b>		(936,997)	(437,171)
<b>Net liabilities</b>		(446,100)	(437,171)
<b>Equity</b>			
Called up share capital	9	1	1
Retained earnings		(446,101)	(437,172)
<b>Total equity</b>		(446,100)	(437,171)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 14/05/2024 and are signed on its behalf by:

*Roland Seregi*

Mr R Seregi

**Director**

Company registration number 13392749 (England and Wales)

**SPRING DESIGN LONDON LIMITED****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
<b>Balance at 1 April 2022</b>	1	(420,011)	(420,010)
<b>Year ended 31 March 2023:</b>			
Loss and total comprehensive income	-	(17,161)	(17,161)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2023</b>	1	(437,172)	(437,171)
	<hr/>	<hr/>	<hr/>
<b>Year ended 31 March 2024:</b>			
Loss and total comprehensive income	-	(8,929)	(8,929)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2024</b>	1	(446,101)	(446,100)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**SPRING DESIGN LONDON LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2024**

		2024		2023	
	Notes	£	£	£	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	13	429,729		(4,691)	
<b>Net cash inflow/(outflow) from operating activities</b>		429,729		(4,691)	
<b>Investing activities</b>					
Purchase of associates		(490,897)		-	
<b>Net cash used in investing activities</b>		(490,897)		-	
<b>Net decrease in cash and cash equivalents</b>		(61,168)		(4,691)	
Cash and cash equivalents at beginning of year		65,183		69,874	
Cash and cash equivalents at end of year		4,015		65,183	

# SPRING DESIGN LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Spring Design London Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW. The company's principal activities and nature of its operations are disclosed in the directors' report.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have carefully considered the trading outlook for the coming year and expected cashflows and have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

In addition, group companies have agreed not to seek repayment of amounts owed until the company is able to pay its debts as they fall due.

##### 1.3 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

##### 1.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

##### 1.5 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

**1 Accounting policies**

**(Continued)**

***Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

# SPRING DESIGN LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Derecognition of financial assets*

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.6 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

##### *Other financial liabilities*

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

##### *Derecognition of financial liabilities*

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

#### 1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

## SPRING DESIGN LONDON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

#### 2 Operating loss

	2024	2023
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	2	(3)
Fees payable to the company's auditor for the audit of the company's financial statements	4,750	4,500
Depreciation of property, plant and equipment	-	3,096
(Profit)/loss on disposal of property, plant and equipment	-	4,065
	<u>          </u>	<u>          </u>

#### 3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Management	<u>3</u>	<u>3</u>

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for the company in 2024.

#### 4 Investments

	Current 2024 £	2023 £	Non-current 2024 £	2023 £
Investments in associates	<u>-</u>	<u>-</u>	<u>490,897</u>	<u>-</u>

#### Fair value of financial assets carried at amortised cost

Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

#### 5 Associates

Details of the company's associates at 31 March 2024 are as follows:

# SPRING DESIGN LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 5 Associates

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Progressive Crusade, Unipessoal LDA	Portugal	Ordinary	24.90
Nodes Studio LDA	Portugal	Ordinary	24.90

#### 6 Trade and other receivables

	2024 £	2023 £
VAT recoverable	-	8
Other receivables	-	8,178
	<u>-</u>	<u>8,186</u>

#### 7 Trade receivables - credit risk

##### Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

#### 8 Trade and other payables

	2024 £	2023 £
Amounts owed to fellow group undertakings	936,262	510,540
Accruals	4,750	-
	<u>941,012</u>	<u>510,540</u>

#### 9 Share capital

	2024 Number	2023 Number	2024 £	2023 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

#### 10 Capital risk management

The company is not subject to any externally imposed capital requirements.

## SPRING DESIGN LONDON LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

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#### 11 Related party transactions

As at 31 March 2024, the amount due to Poeticgem was £345,453 (2023: £353,628).

As at 31 March 2024, the amount due to PDS Sourcing Limited was £590,809 (2023: £156,912).

PDS Sourcing Limited is the immediate parent company of Spring Design London Limited and also holds 100% of the shares in Poeticgem Limited.

#### 12 Controlling party

The controlling party of the company is PDS Sourcing Limited by virtue of its 100% ownership of the ordinary share capital and overall board control.

The ultimate parent company is PDS Limited, a company registered in India. PDS Limited, prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited, is listed on the BSE and National Stock Exchange in India.

#### 13 Cash generated from/(absorbed by) operations

	2024 £	2023 £
Loss for the year before income tax	(8,929)	(17,161)
<b>Adjustments for:</b>		
(Gain)/loss on disposal of property, plant and equipment	-	4,065
Depreciation and impairment of property, plant and equipment	-	3,096
<b>Movements in working capital:</b>		
Decrease in trade and other receivables	8,186	5,433
Increase/(decrease) in trade and other payables	430,472	(124)
<b>Cash generated from/(absorbed by) operations</b>	<u>429,729</u>	<u>(4,691)</u>

**SPRING DESIGN LONDON LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**SPRING DESIGN LONDON LIMITED**

**DETAILED INCOME STATEMENT**

**FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue</b>	-	-
<b>Administrative expenses</b>	(8,929)	(17,161)
<b>Operating loss</b>	<u>(8,929)</u>	<u>(17,161)</u>

# SPRING DESIGN LONDON LIMITED

## SCHEDULES TO THE INCOME STATEMENT

### FOR THE YEAR ENDED 31 MARCH 2024

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	2024	2023
	£	£
<b>Administrative expenses</b>		
Travelling expenses	-	2,822
Legal and professional fees	3,595	1,205
Audit fees	4,750	4,500
Bank charges	582	-
Printing and stationery	-	1,476
Depreciation	-	3,096
Profit or loss on sale of tangible assets (non exceptional)	-	4,065
Profit or loss on foreign exchange	2	(3)
	<hr/>	<hr/>
	8,929	17,161
	<hr/>	<hr/>

## SPRING DESIGN LONDON LIMITED

Quadrant House  
4 Thomas More Square  
London E1W 1YW

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London E1W 1YW

Dear Sirs,

### **Representations in respect of Spring Design London Limited financial statements for the year ended 31 March 2024**

We acknowledge as directors, and confirm that we have fulfilled, our responsibility for the preparation of the financial statements for the year ended 31 March 2024 that show a true and fair view and are in accordance with Financial Reporting Standard 101 and as applied in accordance with the provisions of the Companies Act 2006.

We also acknowledge as directors our responsibility for the design and implementation of internal controls to prevent and detect both error and fraud.

We confirm to the best of our knowledge and belief and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the year ended 31 March 2024.

#### **1. Completeness of audit information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Specifically we confirm that

- All accounting records have been made available to you for the purpose of your

- audit.
- All other records and related information, including minutes of all shareholders' and board meetings in the period 01 April 2023 to date have been made available to you.
- There are no additional material liabilities that should be included in the accounts.

**2. Completeness of accounting records and financial statements,**

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records, and in the financial statements.

**3. Significant assumptions, judgments and intentions**

In preparing the financial statements the board has made the following significant judgments relating to amounts included in or disclosed in the financial statements:

- The investment in associates, Nodes Studio LDA and Progressive Crusade, Unipessoal LDA are not considered impaired.
- Group companies who have provided funding will not seek repayments of amounts owed until such time as the company is able to repay and this has been agreed with PDS Sourcing Limited.

We have no plans or intentions that would, if taken into account, materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Aside from normal commercial constraints, we are not aware of any factors that will significantly reduce the likelihood of the company achieving those of its plans or intentions that are material to the determination of the carrying value or classification of assets and liabilities reflected in the financial statements.

**4. Unadjusted errors in the financial statements**

There are no unadjusted errors in the financial statements.

**5. Compliance with fundamental statutory or regulatory obligations**

We are not aware of any significant instances of actual or possible non-compliance with these obligations.

**6. Significant agreements**

We have disclosed to you all the agreements and commitments (and any related side letters) that the company has entered into that could have a material impact on the amounts or disclosures included in the financial statements, or are relevant to an assessment of whether the company remains a going concern.

We are not aware of any instances of non-compliance with our contractual obligations which could have a material effect on the financial statements.

**7. Going Concern**

In our opinion the company will have sufficient resources to meet its liabilities as they fall due for the reasonably foreseeable future. This is on the basis that PDS Sourcing Limited has agreed to provide financial support if required to enable the company to continue trading and to pay their debts as they fall due.

We are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue to pay its debts as they arise.

**8. Contingent liabilities (including litigation or claims against the company) and events arising subsequent to the balance sheet date**

All material contingencies (including all known, actual or potential litigation or claims against the company) that are more likely than not to result in a loss to the company have been provided for in the financial statements.

Except for matters for which there is only a remote possibility of occurrence, the company is not affected by any such contingency which existed at the balance sheet date and which could possibly result in material loss to the company.

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any such events occur, we will advise you accordingly.

**9. Transactions with and interests of the directors**

We acknowledge that the company's financial statements are required by the Companies Act 2006 and the applicable accounting standard to include specified disclosure of the nature, extent and amount of its transactions that are with, or for the benefit of, any of its directors (or, in certain circumstances, members of their families and trusts, partnerships and other companies in which they have an interest).

We have identified and discussed with you all the transactions of the company with its directors and their connected persons. Consequent upon these procedures, we are able to make the following representation.

The company has at no time during the year granted any advances or credits to, nor entered into any guarantees of any kind on behalf of its directors or persons connected with them except as disclosed in the financial statements.

Apart from remuneration arrangements, the company has had at no time during the year entered into any other transactions with its directors or persons connected with them except as disclosed in the financial statements and except for transactions that are immaterial to both the directors (and any relevant connected person) and the group's financial statements.

**10. Related parties other than the directors**

We acknowledge that, subject to certain specific exemptions, the company's financial statements are required to disclose comprehensive details of transactions and relationships with its "related parties" in order to give a true and fair view. Accordingly we confirm that:

- a) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware; and
- b) We have properly accounted for and disclosed all such relationships and transactions in the financial statements.

In making that confirmation we acknowledge:

- a) the following broad definition of related parties, being: those individuals, companies and other entities connected or linked with the company or its directors in such a way as to make feasible the negotiation of mutual contracts on a non-arm's length basis; and
- b) the formal definitions of "related parties" given in the applicable accounting standard.

For the avoidance of doubt, we confirm that these additional related parties are those confirmed to us by you during our planning of this engagement.

**11. Control of the company**

So far as we are aware, the ultimate control of the company rests with PDS Limited at the balance sheet date.

**12. Risks, occurrences and allegations of fraud**

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Our assessment was conveyed to you on our behalf by Roland Seregi.

We are not aware of any fraud (or suspected fraud) affecting the company involving:

- the directors; or
- senior management and other employees that have significant roles in internal control; or
- others where the fraud (or suspected fraud) could have a material effect on the financial statements.

We are not aware of any allegations of fraud (or suspected fraud) affecting the company's financial statements communicated by employees, former employees, regulators or others.

Yours faithfully,

*Roland Seregi*

.....

**Mr R Seregi**

14/05/2024

**SPRING DESIGN LONDON LIMITED**  
**("the Company")**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS** held by telephone on 14<sup>th</sup> May 2024.

Present:           Mr R Seregi - Chairman  
                  Mr A Kanoi  
                  Mr S Punjabi

**1.       CHAIRMAN**

Mr R Seregi was appointed as Chairman of the meeting and declared that a quorum was present.

**2.       NOTICE OF THE MEETING**

Notice of the meeting was taken as read.

**3.       DIRECTORS' REPORT AND ACCOUNTS**

3.1       The Directors' Report and audited Accounts for the year ended 31 March 2024 were laid before the Meeting.

3.2       IT WAS RESOLVED THAT the Directors' Report and Accounts be approved and that the Directors' Report and the Balance Sheet be signed by any one director.

**4.       AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006, the Company's auditors, UHY Hacker Young LLP, will be deemed re-appointed for the financial year commencing 1 April 2024 at the conclusion of the next period for appointing auditors, no notice having been deposited under Section 488 of the Companies Act 2006.

**5.       ANY OTHER BUSINESS**

There being no further business the Chairman declared the Meeting closed.

*Roland Seregi*

.....  
Chairman



## Envelope Data

Subject:	Spring Design London Ltd		
Documents:	Spring Design London Ltd - LOR.pdf, Spring Design London Ltd - Minutes.pdf, Spring Design London Ltd - FS.pdf		
Document Hash:	66791377		
Envelope ID:	ENV54019340-7170-CDEA-9616-CCFD		
Sender:	Muhammad Haider		
Sent:	05/14/2024 12:08 PM UTC		
Status:	Completed		
Status Date:	05/14/2024 12:14 PM UTC		
Access Authentication:	None		
Email Access Code:	Unchecked		
Email Verification:	Not enabled		

## Recipients / Roles

Name / Role	Email	Type
Muhammad Haider	m.haider@uhy-uk.com	Sender
Roland Seregi	roland.seregi@pdsLtd.com	Signer
Vinod Vadgama	v.vadgama@uhy-uk.com	Signer

## Document Events

Name / Roles	Email	IP Address	Date	Event
Muhammad Haider	m.haider@uhy-uk.com	185.47.105.164	05/14/2024 12:08 PM UTC	Created
Roland Seregi	roland.seregi@pdsLtd.com	212.132.196.89	05/14/2024 12:09 PM UTC	Signed
Vinod Vadgama	v.vadgama@uhy-uk.com	185.47.105.164	05/14/2024 12:14 PM UTC	Signed
			05/14/2024 12:14 PM UTC	Status - Completed

## Signer Signatures

Signer Name / Roles	Signature	Initials
Roland Seregi		
Vinod Vadgama		

**Company registration number 09285991 (England and Wales)**

**SUNNY UP LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

# SUNNY UP LTD

## COMPANY INFORMATION

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### Directors

Mr K Kanodia  
Mr E Mathews  
Mr B Shah  
Mr D Colwill

### Company number

09285991

### Registered office

Unit 16-20  
Riverbank Court  
North Devon Business Park  
Chivenor  
Barnstaple  
EX31 4FY

### Auditor

UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# SUNNY UP LTD

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# SUNNY UP LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### Principal activities

The principal activity of the company continued to be that of import and distribution of garments.

#### Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr K Kanodia  
Mr E Mathews  
Mr B Shah  
Mr D Colwill

#### Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## SUNNY UP LTD

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

*Krishna Kanodia*

.....  
Mr K Kanodia

**Director**

Date: 11/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUNNY UP LTD

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### Opinion

We have audited the financial statements of Sunny Up Ltd (the 'company') for the year ended 31 March 2024 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SUNNY UP LTD**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF SUNNY UP LTD**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF SUNNY UP LTD**

*Vinod Vadgama*

**Vinodkumar Vadgama (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 11/05/2024

**Chartered Accountants**  
**Statutory Auditor**

**SUNNY UP LTD****INCOME STATEMENT****FOR THE YEAR ENDED 31 MARCH 2024**

		<b>Year ended 31 March 2024 £</b>	<b>Period ended 31 March 2023 £</b>
	<b>Notes</b>		
Revenue	<b>3</b>	3,889,742	4,626,763
Cost of sales		(2,676,587)	(3,259,606)
<b>Gross profit</b>		1,213,155	1,367,157
Administrative expenses		(949,313)	(1,020,885)
<b>Operating profit</b>	<b>4</b>	263,842	346,272
Finance costs	<b>8</b>	(46,908)	(79,532)
<b>Profit before taxation</b>		216,934	266,740
Tax on profit	<b>9</b>	(62,779)	(7,752)
<b>Profit and total comprehensive income for the financial year</b>		154,155	258,988

**SUNNY UP LTD****STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2024**

	Notes	2024 £	£	2023 £	£
<b>Non-current assets</b>					
Property, plant and equipment	10		272,318		11,454
<b>Current assets</b>					
Inventories	11	1,077,661		760,423	
Trade and other receivables	12	1,282,472		1,005,904	
Cash and cash equivalents		71,699		82,310	
		2,431,832		1,848,637	
<b>Current liabilities</b>	13	(1,397,223)		(895,213)	
<b>Net current assets</b>			1,034,609		953,424
<b>Total assets less current liabilities</b>			1,306,927		964,878
<b>Non-current liabilities</b>	13		(637,025)		(446,267)
<b>Provisions for liabilities</b>					
Deferred tax liabilities	17		-		(2,864)
<b>Net assets</b>			669,902		515,747
<b>Equity</b>					
Called up share capital	19		1		1
Share premium account	20		69,050		69,050
Retained earnings			600,851		446,696
<b>Total equity</b>			669,902		515,747

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11/05/2024 and are signed on its behalf by:

*Krishna Kanodia*

Mr K Kanodia

**Director**

Company registration number 09285991 (England and Wales)

**SUNNY UP LTD****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2024**

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
<b>Balance at 1 November 2021</b>	1	69,050	337,708	406,759
<b>Period ended 31 March 2023:</b>				
Profit and total comprehensive income for the period	-	-	258,988	258,988
Transactions with owners in their capacity as owners:				
Own shares acquired	-	-	(150,000)	(150,000)
<b>Balance at 31 March 2023</b>	1	69,050	446,696	515,747
<b>Year ended 31 March 2024:</b>				
Profit and total comprehensive income for the year	-	-	154,155	154,155
Transactions with owners in their capacity as owners:				
<b>Balance at 31 March 2024</b>	1	69,050	600,851	669,902

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**Company information**

Sunny Up Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 16-20, Riverbank Court, North Devon Business Park, Chivenor, Barnstaple, EX31 4FY. The company's principal activities and nature of its operations are disclosed in the directors' report.

**1.1 Reporting period**

The company had an extended period in 2023. The financial statements for the previous year commenced on 1 November 2021 and ended on 31 March 2023, the current period is for the year from 1 April 2023 ending 31 March 2024. As such, the amounts presented in the financial statements are not entirely comparable.

**1.2 Accounting convention**

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The company meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The company transitioned from FRS 102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 November 2021.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 101.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- inclusion of an explicit and unreserved statement of compliance with IFRS;
- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of key management personnel compensation;
- disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments;
- the effect of financial instruments on the statement of comprehensive income;
- disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of PDS Limited. The group accounts of PDS Limited are available to the public and can be obtained as set out in note 25.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**(Continued)**

**1.3 Going concern**

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.4 Revenue**

Revenue is measured based on the consideration specified in a contract with a customer. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

**1.5 Property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the term of the lease
Leasehold improvements	4% Straight Line and the term of the lease
Fixtures and fittings	25% Straight Line
Plant and equipment	25% Straight Line
Computers	25% Straight Line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

**1.6 Impairment of tangible and intangible assets**

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**(Continued)**

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.7 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**1.8 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**1.9 Financial assets**

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## FOR THE YEAR ENDED 31 MARCH 2024

**1 Accounting policies****(Continued)*****Financial assets at fair value through profit or loss***

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

***Financial assets held at amortised cost***

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (eg trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

***Financial assets at fair value through other comprehensive income***

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

The company has made an irrevocable election to recognize changes in fair value of investments in equity instruments through other comprehensive income, not through profit or loss. A gain or loss from fair value changes will be shown in other comprehensive income and will not be reclassified subsequently to profit or loss. Equity instruments measured at fair value through other comprehensive income are recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognized through other comprehensive income are directly transferred to retained earnings when the equity instrument is derecognized or its fair value substantially decreased. Dividends are recognized as finance income in profit or loss.

***Impairment of financial assets***

Financial assets carried at amortised cost and FVOCI are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**(Continued)**

***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

**1.10 Financial liabilities**

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

***Other financial liabilities***

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

**1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

**1.12 Taxation**

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

***Current tax***

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies****(Continued)*****Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1.15 Leases**

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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**1 Accounting policies**

**(Continued)**

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

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

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**2 Critical accounting estimates and judgements**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

**Critical judgements**

**Valuation of lease liability & right-of-use asset**

The application of IFRS 16 requires the company to make judgements that affect the valuation of the lease liabilities and the right-of-use assets. These include determining the interest rate used for discounting of future cashflows. The present value of the lease payment is determined using the discount rate representing the company's incremental borrowing rate.

**3 Revenue**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by class of business</b>		
Sales of garments	3,706,665	4,403,625
Shipping	181,258	206,850
Other	1,819	16,288
	<u>3,889,742</u>	<u>4,626,763</u>
	<u><u>3,889,742</u></u>	<u><u>4,626,763</u></u>
	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Revenue analysed by geographical market</b>		
United Kingdom	1,105,271	1,986,812
Europe	1,973,417	1,717,637
Rest of the world	811,054	922,314
	<u>3,889,742</u>	<u>4,626,763</u>
	<u><u>3,889,742</u></u>	<u><u>4,626,763</u></u>

**SUNNY UP LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024****4 Operating profit**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	22,469	48,316
Research and development costs	1,051	3,921
Fees payable to the company's auditor for the audit of the company's financial statements	8,850	15,000
Depreciation of property, plant and equipment	52,679	8,733
Cost of inventories recognised as an expense	2,393,144	2,880,869
	<u>          </u>	<u>          </u>

**5 Auditor's remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	8,850	15,000
	<u>          </u>	<u>          </u>

**6 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Management	4	4
Admin	7	5
	<u>          </u>	<u>          </u>
Total	11	9
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Wages and salaries	243,055	280,738
Social security costs	18,630	22,443
Pension costs	2,156	1,201
	<u>          </u>	<u>          </u>
	263,841	304,382
	<u>          </u>	<u>          </u>

**SUNNY UP LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024****7 Directors' remuneration**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	70,000	82,813

**8 Finance costs**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	40,406	79,532
Interest on lease liabilities	6,502	-
	46,908	79,532

**9 Taxation**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	65,643	51,486
Adjustments in respect of prior periods	-	(42,615)
<b>Total UK current tax</b>	65,643	8,871
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(2,864)	(1,119)
<b>Total tax charge</b>	62,779	7,752

**SUNNY UP LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024****9 Taxation****(Continued)**

The charge for the year can be reconciled to the profit per the income statement as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Profit before taxation	216,934	266,740
Expected tax charge based on a corporation tax rate of 25.00% (2023: 19.00%)	54,234	50,681
Effect of expenses not deductible in determining taxable profit	10,692	268
Adjustment in respect of prior years	-	(42,614)
Deferred tax adjustments in respect of prior years	-	(270)
Fixed asset differences	717	(313)
Deferred tax movement	(2,864)	-
<b>Taxation charge for the year</b>	<b>62,779</b>	<b>7,752</b>

# SUNNY UP LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 10 Property, plant and equipment

	Leasehold land and buildings £	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>							
At 1 April 2023	-	3,770	302	8,611	13,938	-	26,621
Additions	213,610	92,209	3,897	2,595	1,232	-	313,543
	<u>213,610</u>	<u>92,209</u>	<u>3,897</u>	<u>2,595</u>	<u>1,232</u>	<u>-</u>	<u>313,543</u>
At 31 March 2024	213,610	95,979	4,199	11,206	15,170	-	340,164
	<u>213,610</u>	<u>95,979</u>	<u>4,199</u>	<u>11,206</u>	<u>15,170</u>	<u>-</u>	<u>340,164</u>
<b>Accumulated depreciation and impairment</b>							
At 1 April 2023	-	516	302	5,554	8,795	-	15,167
Charge for the year	35,487	10,658	406	2,541	3,587	-	52,679
	<u>35,487</u>	<u>10,658</u>	<u>406</u>	<u>2,541</u>	<u>3,587</u>	<u>-</u>	<u>52,679</u>
At 31 March 2024	35,487	11,174	708	8,095	12,382	-	67,846
	<u>35,487</u>	<u>11,174</u>	<u>708</u>	<u>8,095</u>	<u>12,382</u>	<u>-</u>	<u>67,846</u>
<b>Carrying amount</b>							
At 31 March 2024	178,123	84,805	3,491	3,111	2,788	-	272,318
	<u>178,123</u>	<u>84,805</u>	<u>3,491</u>	<u>3,111</u>	<u>2,788</u>	<u>-</u>	<u>272,318</u>
At 31 March 2023	-	3,254	-	3,057	5,143	-	11,454
	<u>-</u>	<u>3,254</u>	<u>-</u>	<u>3,057</u>	<u>5,143</u>	<u>-</u>	<u>11,454</u>

**SUNNY UP LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2024**

Property, plant and equipment includes right-of-use assets, as follows:

<b>Right-of-use assets</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Net values at the year end</b>		
Property	178,123	-
	<u>          </u>	<u>          </u>
<b>Total additions in the year</b>	213,610	-
	<u>          </u>	<u>          </u>
<b>Depreciation charge for the year</b>		
Property	35,487	-
	<u>          </u>	<u>          </u>

**11 Inventories**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Finished goods	1,077,661	760,423
	<u>          </u>	<u>          </u>

**12 Trade and other receivables**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade receivables	1,144,435	950,640
Provision for bad and doubtful debts	(4,815)	(149)
	<u>          </u>	<u>          </u>
	1,139,620	950,491
Other receivables	79,718	17,772
Prepayments and accrued income	63,134	37,641
	<u>          </u>	<u>          </u>
	1,282,472	1,005,904
	<u>          </u>	<u>          </u>

# SUNNY UP LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 13 Liabilities

		Current		Non-current	
	Notes	2024	2023	2024	2023
		£	£	£	£
Borrowings	14	21,040	19,600	494,067	446,267
Trade and other payables	15	1,225,770	752,400	-	-
Corporation tax		99,744	51,409	-	-
Other taxation and social security		9,290	71,804	-	-
Lease liabilities	16	41,379	-	142,958	-
		<u>1,397,223</u>	<u>895,213</u>	<u>637,025</u>	<u>446,267</u>

#### 14 Borrowings

	Current		Non-current	
	2024	2023	2024	2023
	£	£	£	£
<b>Borrowings held at amortised cost:</b>				
Bank loans	19,600	19,600	32,667	52,267
Directors' loans	1,440	-	-	-
Other loans	-	-	461,400	394,000
	<u>21,040</u>	<u>19,600</u>	<u>494,067</u>	<u>446,267</u>

The bank loan relates to £98,000 bounce bank loan taken out previously. Interest is charged on this at a rate per annum equal to the aggregate of 3.1% on top of the base rate.

Other loans relates solely to an interest free loan from the company's parent company Recovered Clothing Limited.

The company has entered into a debenture with their bank establishing a fixed and floating charge over all of its assets.

#### 15 Trade and other payables

	2024	2023
	£	£
Trade payables	477,708	354,456
Accruals and deferred income	111,283	164,011
Other payables	636,779	233,933
	<u>1,225,770</u>	<u>752,400</u>

**SUNNY UP LTD****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2024****15 Trade and other payables****(Continued)****16 Lease liabilities**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
<b>Maturity analysis</b>		
Within one year	47,700	-
In two to five years	151,050	-
Total undiscounted liabilities	198,750	-
Future finance charges and other adjustments	(14,413)	-
Lease liabilities in the financial statements	184,337	-

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Current liabilities	41,379	-
Non-current liabilities	142,958	-
	184,337	-

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	6,502	-

Other leasing information is included in note 21.

# SUNNY UP LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Liability at 1 April 2022	3,983
<b>Deferred tax movements in prior year</b>	
Charge/(credit) to profit or loss	(1,119)
Liability at 1 April 2023	2,864
<b>Deferred tax movements in current year</b>	
Charge/(credit) to profit or loss	(2,864)
Liability at 31 March 2024	-

### 18 Retirement benefit schemes

	2024 £	2023 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	2,156	1,201

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2024 Number	2023 Number	2024 £	2023 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary shares of 1p each	100	100	1	1

### 20 Share premium account

	2024 £	2023 £
At the beginning and end of the year	69,050	69,050

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

**21 Other leasing information****Lessee**

Set out below are the future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities:

	2024	2023
	£	£
<b>Land and buildings</b>		
Within one year	47,700	11,000
Between two and five years	151,050	-
	<u>198,750</u>	<u>11,000</u>

Information relating to lease liabilities is included in note 16.

**22 Financial risk management*****Credit Risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available the company uses other publicly available financial information. The company's exposure and the credit ratings of its counterparties are continuously monitored.

The company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics.

The company's principal financial assets are receivables and cash at bank.

***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash. Management monitors forecasts of the company's liquidity reserve, comprising cash and cash equivalents, on the basis of expected cash flow. At 31 March 2024, the company held cash and cash equivalents of £71,699 (2023: £82,310).

***Foreign currency risk***

The company's functional and presentation currency and the majority of its spending are in GBP. As such, no exchange rate risk exists. The company has a bounce back loan outstanding and this is subject to interest. However, due to the level of loan outstanding interest fluctuations are not considered a management risk.

**23 Related party transactions**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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**23 Related party transactions**

**(Continued)**

During the year, the company received a loan from its parent company of which £461,400 (2023: 394,000) was owed at the year end. No interest has been charged on this loan. Poetic Brands Limited is the parent company of Recovered Clothing Limited, at the year end, the company owed Poetic Brands Limited £27,472 (2023:£Nil).

**24 Directors' transactions**

Last year a motor vehicle was sold to David Colwill for its net book value of £1,245. At the year end David Colwill owed the company £42,424 (2023: £696 owed by the company). At the year end Elliot Mathews was owed £1,440 (2023: £1,440) by the company.

**25 Controlling party**

The immediate parent company is Recovered Clothing Limited, a company registered in England and Wales and the ultimate parent company is PDS Limited, a company registered in India.

PDS Limited prepares group financial statements and copies can be obtained from Unit No 971, Solitaire Corporate Park, Andheri, Ghatkopar Link Road, Andheri East, Mumbai, Maharashtra, 400093.

PDS Limited is listed on the BSE and National Stock Exchange in India.

**SUNNY UP LTD**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**SUNNY UP LTD****DETAILED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

		Year ended 31 March 2024 £		Period ended 31 March 2023 £
<b>Revenue</b>				
Sales of goods		3,706,665		4,403,626
Sales of services		181,258		206,850
Sales of services 3		1,819		16,287
		<u>3,889,742</u>		<u>4,626,763</u>
<b>Cost of sales</b>		<u>(2,676,587)</u>		<u>(3,259,606)</u>
<b>Gross profit</b>	31.19%	1,213,155	29.55%	1,367,157
<b>Administrative expenses</b>		<u>(949,313)</u>		<u>(1,020,885)</u>
<b>Operating profit</b>		263,842		346,272
<b>Finance costs</b>				
Bank interest on loans and overdrafts	40,406		79,532	
Hire purchase interest payable	<u>6,502</u>		<u>-</u>	
		<u>(46,908)</u>		<u>(79,532)</u>
<b>Profit before taxation</b>	5.58%	<u><u>216,934</u></u>	5.77%	<u><u>266,740</u></u>

**SUNNY UP LTD****SCHEDULES TO THE INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2024**

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	<b>Year ended 31 March 2024 £</b>	<b>Period ended 31 March 2023 £</b>
<b>Cost of sales</b>		
Opening stock of finished goods	760,423	347,998
	<hr/>	<hr/>
<i>Purchases and other direct costs</i>		
Direct costs	2,358,841	2,856,937
Carriage inwards and import duty	351,541	436,357
Commissions payable	283,443	378,737
	<hr/>	<hr/>
Total purchases and other direct costs	2,993,825	3,672,031
	<hr/>	<hr/>
Total cost of sales	2,676,587	3,259,606
	<hr/> <hr/>	<hr/> <hr/>

**SUNNY UP LTD****SCHEDULES TO THE INCOME STATEMENT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024**

	<b>Year ended 31 March 2024 £</b>	<b>Period ended 31 March 2023 £</b>
<b>Administrative expenses</b>		
Wages and salaries	173,055	197,925
Social security costs	18,630	22,443
Staff training	200	-
Staff pension costs defined contribution	2,156	1,201
Directors' remuneration	70,000	82,813
Rent re operating leases	61,768	79,898
Rates	13,973	5,612
Waste disposal	2,064	2,227
Power, light and heat	2,871	6,462
Property repairs and maintenance	5,030	5,992
Software costs	15,164	16,142
Motor running expenses	466	2,057
Travelling expenses	3,449	13,155
Postage, courier and delivery charges	1,030	2,225
Legal and professional fees	4,382	5,673
Consultancy fees	63,674	69,783
Accountancy and audit fee	3,588	19,596
Audit fees	8,850	15,000
Bank charges	2,775	5,967
Bad and doubtful debts	24,179	799
Insurances (not premises)	11,101	8,429
Printing and stationery	1,174	1,895
Advertising	339,490	368,280
Website costs	24,569	19,827
Telecommunications	2,512	2,491
Entertaining	250	790
Research and development costs	1,051	3,921
Sundry expenses	5,281	3,233
Corporate charges	11,433	-
Depreciation	52,679	8,733
Profit or loss on foreign exchange	22,469	48,316
	<hr/>	<hr/>
	949,313	1,020,885
	<hr/>	<hr/>

**Sunny Up Limited**  
**Unit 1 Chivenor Business Park,**  
**Barnstaple, Devon,**  
**United Kingdom, EX31 4AY**

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London E1W 1YW

11th May 2024

Dear Sirs,

**Representations in respect of Sunny Up Limited financial statements for the period ended 31 March 2024.**

We acknowledge as directors, and confirm that we have fulfilled, our responsibility for the preparation of the financial statements for the period ended 31 March 2024 that show a true and fair view and are in accordance with Financial Reporting Standard 101 and as applied in accordance with the provisions of the Companies Act 2006.

We also acknowledge as directors our responsibility for the design and implementation of internal controls to prevent and detect both error and fraud.

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the period ended 31 March 2024.

**1. Completeness of audit information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Specifically, we confirm that

- All accounting records have been made available to you for the purpose of your audit.
- All other records and related information, including minutes of all shareholders' and board meetings in the period 1 April 2023 to date have been made available to you.

**2. Completeness of accounting records and financial statements.**

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records, and in the financial statements.

**3. Significant assumptions, judgments and intentions**

In preparing the financial statements the board has made the following significant judgments relating to amounts included in or disclosed in the financial statements:

- The company's commission/royalty fees amounts are complete and free from material misstatement.
- For the purpose of calculating the Stan Ray royalty – website sales are at twice the amount of wholesale sales. The percentage remains at 5% of the wholesale price of all Stan Ray goods sold.
- The company's trade creditors as at 31 March 2024 are complete and there are no unrecorded liabilities which should have been included
- The company is not liable for dilapidations on the lease which the company has agreed to terminate with the landlord.
- Regarding 82<sup>nd</sup> St Agency, commission is to become payable and netted off against the debtor that is included in the accounts of £11,557.
- The tradeshow prepayment of £24,024 related to products for the Autumn 2024 season that were not due for sale and won't be until then. No extra revenue arose from the tradeshow in the current period. Once these sales occur the prepayment will then be released.
- The extra duty and penalties that has been paid by the company and was not previously accrued for totals £46,878. This relates to preacquisition liabilities and are due to be paid by the vendor. We have discussed this with Davil Colwill, who has agreed to bear these and has the necessary resources re-imburse the company. He has also confirmed this in writing to us.
- We have sought professional advice from an R&D specialist and have been informed that the R&D tax claim will be successful and an appeal will be made by them and therefore no provision is required in these accounts.

We have no plans or intentions that would, if taken into account, materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Aside from normal commercial constraints, we are not aware of any factors that will significantly reduce the likelihood of the company achieving those of its plans or intentions that are material to the determination of the carrying value or classification of assets and liabilities reflected in the financial statements.

We confirm that the above representations are our assumptions, judgments and intentions on these matters and that we consider them reasonable.

**4. Unadjusted errors in the financial statements**

We consider that the errors identified by you and set out on the attached summary are immaterial individually and in aggregate and accordingly that no adjustment to the financial statements is required.

**5. Compliance with fundamental statutory or regulatory obligations**

We are not aware of any significant instances of actual or possible non-compliance with these obligations.

**6. Significant agreements**

We have disclosed to you all the agreements and commitments (and any related side letters) that the company has entered into that could have a material impact on the amounts or disclosures included in the financial statements or are relevant to an assessment of whether the company remains a going concern.

We are not aware of any instances of non-compliance with our contractual obligations which could have a material effect on the financial statements.

**7. Going Concern**

In our opinion the company will have sufficient resources to meet its liabilities as they fall due for the reasonably foreseeable future, and is therefore a going concern. In forming this conclusion we have expressly considered the period of at least 12 months from the date of approval of the financial statements. In addition, Global Textiles Group Limited has agreed to provide financial support if required to enable all UK companies to continue trading and to pay their debts as they fall due.

We are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue as a going concern.

**8. Contingent liabilities (including litigation or claims against the company) and events arising subsequent to the balance sheet date**

All material contingencies (including all known, actual or potential litigation or claims against the company) that are more likely than not to result in a loss to the company have been provided for in the financial statements.

Except for matters for which there is only a remote possibility of occurrence, the company is not affected by any such contingency which existed at the balance sheet date and which could possibly result in material loss to the company.

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any such events occur, we will advise you accordingly.

**9. Transactions with and interests of the directors**

We acknowledge that the company's financial statements are required by the Companies Act 2006 and the applicable accounting standard to include specified disclosure of the nature, extent and amount of its transactions that are with, or for the benefit of, any of its directors (or, in certain circumstances, members of their families and trusts, partnerships and other companies in which they have an interest).

We have identified and discussed with you all the transactions of the company with its directors and their connected persons. Consequent upon these procedures, we are able to make the following representation.

The company has at no time during the year granted any advances or credits to, nor entered into any guarantees of any kind on behalf of its directors or persons connected with them except as disclosed in the financial statements.

Apart from remuneration arrangements, the company has had at no time during the year entered into any other transactions with its directors or persons connected with them except as disclosed in the financial statements and except for transactions that are immaterial to both the directors (and any relevant connected person) and the group's financial statements.

**10. Related parties other than the directors**

We acknowledge that, subject to certain specific exemptions, the company's financial statements are required to disclose comprehensive details of transactions and relationships with its "related parties" in order to give a true and fair view. Accordingly we confirm that:

- a) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware; and
- b) We have properly accounted for and disclosed all such relationships and transactions in the financial statements.

In making that confirmation we acknowledge:

- a) the following broad definition of related parties, being: those individuals, companies and other entities connected or linked with the company or its directors in such a way as to make feasible the negotiation of mutual contracts on a non-arms length basis; and
- b) the formal definitions of "related parties" given in the applicable accounting standard.

For the avoidance of doubt, we confirm that these additional related parties are those confirmed to us by you during our planning of this engagement.

#### **11. Control of the company**

So far as we are aware, the ultimate control of the company rests with PDS Limited at the balance sheet date.

#### **12. Risks, occurrences and allegations of fraud**

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Our assessment was conveyed to you on our behalf by Krishna Kanodia.

We are not aware of any fraud (or suspected fraud) affecting the company involving:

- the directors; or
- senior management and other employees that have significant roles in internal control; or
- others where the fraud (or suspected fraud) could have a material effect on the financial statements.

We are not aware of any allegations of fraud (or suspected fraud) affecting the company's financial statements communicated by employees, former employees, regulators or others.

**13.     Stock**

We confirm that the value of stock recorded in the accounts is complete and accurate which has been valued in accordance with the company's accounting policy.

**14.     Trade receivables / other debtors**

We confirm that all trade debts are considered to be fully recoverable and that there is no further provision required for any allowances or potential bad debts.

Yours faithfully,

*Krishna Kanodia*

.....

**Krishna Kanodia**

(Signed on behalf of the board of directors)

**Sunny UP Limited**

Potential Journals - schedule of unadjusted errors  
Accounting period ended 31/03/2024

Printed by: MHL1      Date:  
Reviewed by:              Date:

Number	Code	Client code	Name	Journal type	WP Ref.	Profit and loss account		Balance sheet		Profit rec.
						Dr.	Cr.	Dr.	Cr.	
18	3960		Profit per financial accounts							154,154.97
			Profit or loss on foreign exchange	Adjusting journal		21,812.00				( 21,812.00)
18	8080		Difference noted on Invoice factoring statements							
			Other Creditors	Adjusting journal					-21,812.00	
			Difference noted on Invoice factoring statements							
19	10		Sales of goods	Adjusting journal		7,018.00				( 7,018.00)
			Being difference noted on websales rec							
19	7433		Other debtors	Adjusting journal					-7,018.00	
			Being difference noted on websales rec							
25	3650		Audit fees	Adjusting journal		12,500.00				( 12,500.00)
			Being audit accrual for 2023 top up and 2024							
25	8085		Accruals	Adjusting journal					-12,500.00	
			Being audit accrual for 2023 top up and 2024							
27	8010		Other trade creditors	Adjusting journal					-13,061.00	
			Being difference with supplier confirmations							
27	650		Finished goods purchases	Adjusting journal		13,061.00				( 13,061.00)
			Being difference with supplier confirmations							
28	3960		Profit or loss on foreign exchange	Adjusting journal		15,078.00				( 15,078.00)
			Being FX on trade debtors samples							

Potential Journals - schedule of unadjusted errors  
Accounting period ended 31/03/2024

Printed by: MHL1      Date:  
Reviewed by:              Date:

Number	Code	Client code	Name	Journal type	WP Ref.	Profit and loss account		Balance sheet		Profit rec.
						Dr.	Cr.	Dr.	Cr.	
28	7100		Trade debtors Being FX on trade debtors samples	Adjusting journal					-15,078.00	17,242.00
29	4600		Corporation tax - current year Being estimated change in Corp Tax - if unadjusting JNLS are posted	Adjusting journal			-17,242.00			
29	8150		Corporation tax payable Being estimated change in Corp Tax - if unadjusting JNLS are posted	Adjusting journal				17,242.00		
			Profit if above adjustments were made							101,927.97
			Profit adjustment not made							
			Percentage of profit							
			Performance materiality (Calculated £46,500)							
			Performance materiality (Calculated £46,500)							
			Level below which considered trivial							

**Sunny Up Limited**  
**("the Company")**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS** held by telephone on 11 May 2024.

E Matthews  
K Krishna - Chairman  
D Colwill  
B Shah

**1. CHAIRMAN**

K Kanodia was appointed as Chairman of the meeting and declared that a quorum was present.

**2. NOTICE OF THE MEETING**

Notice of the meeting was taken as read.

**3. DIRECTORS' REPORT AND ACCOUNTS**

3.1 The Directors' Report and audited Accounts for the period ended 31 March 2024 were laid before the Meeting.

3.2 IT WAS RESOLVED THAT the Directors' Report and Accounts be approved and that the Directors' Report and the Balance Sheet be signed by any one director.

**4. AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006, the Company's auditors, UHY Hacker Young LLP, will be deemed re-appointed for the financial year commencing 1 April 2024 at the conclusion of the next period for appointing auditors, no notice having been deposited under Section 488 of the Companies Act 2006.

**5. ANY OTHER BUSINESS**

There being no further business the Chairman declared the Meeting closed.

*Krishna Kanodia*

.....  
Chairman



## Envelope Data

Subject:	Sunny Up Limited	Access Authentication:	None
Documents:	Sunny Up Limited - Minutes.pdf,Sunny Up Limited - unadjusted errors.PDF,Sunny Up Limited - LOR.pdf,Sunny Up Limited - FS.pdf	Email Access Code:	Unchecked
Document Hash:	13955330	Email Verification:	Not enabled
Envelope ID:	ENV07125955-1687-AEEC-3859-FFCA		
Sender:	Muhammad Haider		
Sent:	05/11/2024 19:45 PM UTC		
Status:	Completed		
Status Date:	05/11/2024 20:18 PM UTC		

## Recipients / Roles

Name / Role	Email	Type
Muhammad Haider	m.haider@uhy-uk.com	Sender
Krishna Kanodia	krishna@poeticgem.com	Signer
Vinod Vadgama	v.vadgama@uhy-uk.com	Signer
Mehul Bhagat	mehul@poeticgem.com	Cc
Ashok Verma	ashok.verma@pdsLtd.com	Cc

## Document Events

Name / Roles	Email	IP Address	Date	Event
Muhammad Haider	m.haider@uhy-uk.com	185.47.105.164	05/11/2024 19:45 PM UTC	Created
Krishna Kanodia	krishna@poeticgem.com	82.132.220.44	05/11/2024 20:03 PM UTC	Signed
Vinod Vadgama	v.vadgama@uhy-uk.com	185.47.105.164	05/11/2024 20:18 PM UTC	Signed
			05/11/2024 20:18 PM UTC	Status - Completed

## Carbon Copy Events

Name / Roles	Email	Sent
Mehul Bhagat	mehul@poeticgem.com	05/11/2024 20:18 PM UTC
Ashok Verma	ashok.verma@pdsLtd.com	05/11/2024 20:18 PM UTC

## Signer Signatures

Signer Name / Roles	Signature	Initials
Krishna Kanodia		

Vinod Vadgama

*Vinod Vadgama*

**Technocian Fashions Private Limited**  
**Balance Sheet as at March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	36,904.41	47,368.85
(b) Intangible assets	5	-	-
(c) Financial assets			
i) Other financial assets	6	4,000.52	4,159.17
ii) Investments	7	53,713.80	53,713.80
(d) Deferred tax assets	30	4,339.12	3,228.46
(e) Non-current tax assets (net)	8	-	6,738.50
<b>Total non-current assets</b>		<b>98,957.85</b>	<b>115,208.79</b>
<b>Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	9	22,537.98	20,903.88
(iii) Other financial assets	6	30.00	-
(b) Other current assets	10	4,693.02	7,234.32
<b>Total current assets</b>		<b>27,261.00</b>	<b>28,138.20</b>
<b>Total assets</b>		<b>126,218.85</b>	<b>143,346.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	11	500.00	500.00
(b) Other equity	12	23,339.56	15,550.68
<b>Total equity</b>		<b>23,839.56</b>	<b>16,050.68</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	35	23,098.27	31,102.23
(ii) Other financial liabilities	14	4,718.74	5,373.88
(b) Provisions	13	7,113.17	5,133.93
(c) Other non-current liabilities	16	-	-
<b>Total non-current liabilities</b>		<b>34,930.18</b>	<b>41,610.04</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	15		
- Total outstanding dues to micro enterprises and small enterprises		-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises		2,272.68	3,998.96
(ii) Other financial liabilities	14	6,177.03	8,965.06
(iii) Lease liabilities	35	8,003.95	7,087.81
(b) Other current liabilities	16	48,002.39	56,576.55
(c) Provisions	13	2,686.96	2,381.45
(d) Current tax liabilities (net)	17	306.12	6,676.46
<b>Total current liabilities</b>		<b>67,449.12</b>	<b>85,686.27</b>
<b>Total equity and liabilities</b>		<b>126,218.86</b>	<b>143,346.98</b>
Summary of material accounting policies and explanatory information thereon	3		
The accompanying notes form an integral part of these financial statements			

As per our report of even date  
**For Walker Chandiok & Co LLP**  
Chartered Accountants  
Firm's Registration Number: 001076N/N500013

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

Sd/-  
  
**Lokesh Khemka**  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

Sd/-  
  
**Abhishekh Kanoi**  
Director  
DIN: 03129842  
  
Mumbai  
May 14, 2024

Sd/-  
  
**Raamann Ahuja**  
Director  
DIN:06577212  
  
New Delhi  
May 14, 2024

**Technocian Fashions Private Limited**  
**Statement of profit and loss for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
I Revenue from operations	18	181,028.47	178,652.13
II Other income	19	10,528.00	8,753.41
III <b>Total income (I + II)</b>		<b>191,556.47</b>	<b>187,405.54</b>
IV <b>Expenses</b>			
(a) Employee benefit expense	20	115,595.21	112,841.90
(b) Depreciation and amortisation expense	21	12,160.69	10,240.15
(c) Finance cost	22	3,603.52	3,708.05
(d) Other expenses	23	29,958.55	32,940.47
<b>Total expenses (IV)</b>		<b>161,317.97</b>	<b>159,730.57</b>
V <b>Profit before tax (III - IV)</b>		<b>30,238.50</b>	<b>27,674.97</b>
VI Tax expense			
(a) Current tax	30	8,741.18	6,974.20
(b) Deferred tax credit	30	(889.43)	(876.51)
VII <b>Profit for the year (V - VI)</b>		<b>22,386.75</b>	<b>21,577.28</b>
VIII <b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit plans	30	(879.01)	(634.54)
(b) Income tax relating to items that will not be reclassified to profit or loss	30	221.23	159.70
		<b>(657.78)</b>	<b>(474.84)</b>
IX <b>Total other comprehensive income (VII + VIII)</b>		<b>21,728.98</b>	<b>21,102.44</b>
Earnings per equity share			
(1) Basic (in ₹)	24	447.74	431.55
(2) Diluted (in ₹)		447.74	431.55
Summary of material accounting policies and explanatory information thereon	3		
The accompanying notes form an integral part of these financial statements			

As per our report of even date

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

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

Sd/-

**Lokesh Khemka**  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

Sd/-

**Abhishekh Kanoi**  
Director  
DIN: 03129842

Mumbai  
May 14, 2024

Sd/-

**Raamann Ahuja**  
Director  
DIN:06577212

New Delhi  
May 14, 2024

**Technocian Fashions Private Limited**  
**Statement of cash flow for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash flow from operating activities</b>		
Net profit before tax	30,238.50	27,674.97
<u>Adjustments for:</u>		
Depreciation and amortisation	12,160.69	10,240.15
Unwinding of discount on deposits	(249.65)	(228.01)
Loss/(gain) on sale of property, plant & equipment	47.62	(11.29)
Interest on income tax refund	(35.11)	-
Liabilities no longer required written back	(1,077.67)	(897.67)
Unrealised foreign exchange gain	(598.27)	-
Dividend income	-	(6,365.00)
Interest on lease liabilities	3,180.99	3,203.33
Interest on deferred payment of investments	422.53	504.72
Operating profit before change in working capital	44,089.63	34,121.20
Movements in working capital:		
Change in other assets	2,541.30	(4,223.18)
Change in other financial assets	378.30	-
Change in trade payables	(1,726.27)	(98.42)
Change in provisions	1,405.74	937.95
Change in other financial liabilities	(2,788.03)	(979.22)
Change in other liabilities	(7,975.89)	32,803.95
Cash generated from operations	35,924.78	62,562.28
Net income tax paid	(8,337.91)	(6,738.50)
<b>Net cash flow generated from operating activities (A)</b>	<b>27,586.87</b>	<b>55,823.78</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(1,743.88)	(2,248.34)
Proceeds from sale of property, plant and equipment	-	43.01
Payment towards acquisition of subsidiary companies	-	(21,328.78)
Dividend received	-	6,365.00
<b>Net cash flow used in investing activities (B)</b>	<b>(1,743.88)</b>	<b>(17,169.11)</b>
<b>C. Cash flow from financing activities</b>		
Dividend paid during the year	-	-
Payment of principal portion of lease liabilities	(7,087.81)	(4,537.04)
Interest paid on lease liabilities	(3,180.99)	(3,203.33)
<b>Net cash flow used in financing activities (C)</b>	<b>(10,268.81)</b>	<b>(7,740.37)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>15,574.18</b>	<b>30,914.31</b>
Cash and cash equivalents at the beginning of the year (refer note 9)	20,903.88	8,749.51
<b>Cash and cash equivalents at the end of the year (refer note 9)</b>	<b>36,478.07</b>	<b>39,663.82</b>
Cash and cash equivalents comprise:		
Cash in hand	157.87	-
Balances with banks - current accounts	22,380.11	20,903.88
<b>Cash and cash equivalents at the end of the year (refer note 9)</b>	<b>22,537.98</b>	<b>20,903.88</b>

(Refer note 35 for disclosure of changes in liability arising from financing activities)

Summary of material accounting policies and explanatory information thereon

3

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

Sd/-

**Lokesh Khemka**  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

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

Sd/-

**Abhishekh Kanoi**  
Director  
DIN: 03129842

Mumbai  
May 14, 2024

Sd/-

**Raamann Ahuja**  
Director  
DIN:06577212

New Delhi  
May 14, 2024

**Technocian Fashions Private Limited**  
**Statement of changes in equity for the year ended March 31, 2024**  
*(All amounts are in ₹ thousands unless otherwise specified)*

A.	Equity share capital Particulars	Number of shares*	Amount
	<b>Balance at April 1, 2022</b>	50,000	500.00
	Changes in equity share capital during the year	-	-
	<b>Balance at March 31, 2023</b>	50,000	500.00
	Changes in equity share capital during the year	-	-
	<b>Balance at March 31, 2024</b>	<b>50,000</b>	<b>500.00</b>

\*The number of shares are given in absolute numbers.

B.	Other equity	Reserve and surplus		
		Retained Earning	Other comprehensive Income	Total Equity
	<b>Balance as at April 1, 2022</b>	12,142.05	1,066.13	13,208.18
	Profit for the year	21,577.28	-	21,577.28
	Other comprehensive Income, net of income tax	-	(474.84)	(474.84)
	Final dividend paid	(18,759.94)	-	(18,759.94)
	<b>Balance as at March 31, 2023</b>	<b>14,959.39</b>	<b>591.29</b>	<b>15,550.68</b>
	Profit for the year	22,386.75	-	22,386.75
	Other comprehensive Income, net of income tax	-	(657.78)	(657.78)
	Final dividend paid	(13,940.09)	-	(13,940.09)
	<b>Balance at March 31, 2024</b>	<b>23,406.05</b>	<b>(66.49)</b>	<b>23,339.56</b>

Summary of material accounting policies and explanatory information thereon 3

The accompanying notes form an integral part of these financial statements

As per our report of even date

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

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

Sd/-  
  
**Lokesh Khemka**  
Partner  
Membership Number: 067878

Bengaluru  
May 14, 2024

Sd/-  
  
**Abhishekh Kanoi**  
Director  
DIN: 03129842

Mumbai  
May 14, 2024

Sd/-  
  
**Raamann Ahuja**  
Director  
DIN:06577212

New Delhi  
May 14, 2024

**Technocian Fashions Private Limited**  
**Summary of material accounting policies and other explanatory information**  
*(All amounts are in ₹ thousands unless otherwise specified)*

**1. General information**

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

The accompanying financial statements reflect the results of the activities undertaken by the Company during the year ended March 31, 2024.

The financial statements of the company for the year ended March 31, 2024 was approved by the Board of Directors and authorised for issue on May 14, 2024.

**2 Statement of compliance**

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

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

**Basis of accounting and preparation of financial statements**

The financial statements have been prepared on the historical cost convention on accrual basis. The financial statements are presented in ₹ and all values are rounded to the nearest thousands except where otherwise stated.

**Recent accounting pronouncement**

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31 2024, MCA has not notified any new standards applicable to the company.

**3. Material accounting policies**

**3.1 Material accounting judgements, estimates and assumptions**

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

**Judgements:**

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

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

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

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

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

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

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

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

## Technocian Fashions Private Limited

### Summary of material accounting policies and other explanatory information

(All amounts are in ₹ thousands unless otherwise specified)

#### 3.2 Classification of current / non-current assets and liabilities

##### Asset

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

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

All other assets are classified as non-current.

##### Liability

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

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

All other liabilities are classified as non-current.

#### 3.3 Operating cycle

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

#### 3.4 Revenue Recognition

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

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

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

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

##### Other income

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

ii) Dividend income is recognized when the right to receive payment is established.

iii) Any other income is recognized on an accrual basis.

#### 3.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

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

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

### **3.5 Leases (cont'd)**

Lease payments included in the measurement of the lease liability comprise the following:

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

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

#### Short-term leases and leases of low-value assets

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

### **3.6 Foreign currency transactions and translations** **Functional and presentation currency**

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

#### **Initial recognition**

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

#### **Measurement at the reporting date**

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

### **3.7 Employee benefits**

Employee benefits include provident fund, gratuity and compensated absences.

#### Defined contribution plan

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

#### Other long term benefits:

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/ losses, if any, are recognized immediately in the Statement of Profit and Loss.

#### Short-term employee benefit

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

#### Defined benefit Plan

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

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

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

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

### **3.8 Taxation**

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

(i) **Current Tax**

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

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

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

(ii) **Deferred Tax**

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

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

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

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

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

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

### **3.9 Property, plant and equipment**

**Recognition and measurement**

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

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss within other income or expense (as applicable).

**Subsequent costs:**

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

**Depreciation/Amortisation**

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

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

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

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

**Technocian Fashions Private Limited****Summary of material accounting policies and other explanatory information**

(All amounts are in ₹ thousands unless otherwise specified)

**3.9 Property, plant and equipment (Cont'd)**Useful lives of property, plant and equipment:

Furniture and fixtures	10 Years
Office equipments	5 Years
Computer hardware	3 Years
Motor Vehicles	8 Years

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

**3.10 Impairment of non financial assets**

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

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

**3.12 Segment reporting**

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

**3.13 Earnings per share**

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

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

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

**3.14 Cash and cash equivalents**

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

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

### **3.15 Financial instruments**

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

#### **Financial assets**

##### **Initial recognition and measurement**

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

All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial assets. However, trade receivables that do not contain a significant financing component are measured at transaction price.

##### **Subsequent measurement**

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

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

##### **•Financial assets carried at amortized cost**

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

##### **•Financial assets at fair value through other comprehensive income**

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

##### **•Financial assets at fair value through profit or loss**

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

##### **• Equity investment**

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

##### **De-recognition of financial assets**

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

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

#### **Financial liabilities**

##### **Initial recognition and measurement**

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

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

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

##### **Subsequent measurement**

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

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

##### **De-recognition of financial liabilities**

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

##### **Offsetting of financial instruments**

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

**3.16 Impairment of financial assets**

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

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

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

**3.17 Fair value measurement**

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing 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. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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**Technocian Fashions Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**4. Property, plant and equipment**

Particulars	Furniture and fixtures	Office equipments	Computer hardware	Leasehold improvements	Right to Use Assets	Motor Vehicles	Total
<b>Gross carrying amount</b>							
<b>Balance as at April 1, 2022</b>	800.68	1,251.93	6,657.39	11,205.49	41,475.92	2,354.24	63,745.65
Additions during the year	-	379.49	1,868.85	-	8,715.70	-	10,964.04
Disposals during the year	-	(235.62)	(25.21)	-	-	-	(260.83)
<b>Balance as at March 31, 2023</b>	<b>800.68</b>	<b>1,395.80</b>	<b>8,501.03</b>	<b>11,205.49</b>	<b>50,191.62</b>	<b>2,354.24</b>	<b>74,448.86</b>
Additions during the year	96.00	325.57	1,322.30	-	-	-	1,743.87
Disposals during the year	(0.99)	(15.34)	(168.00)	-	-	-	(184.33)
<b>Balance as at March 31, 2024</b>	<b>895.69</b>	<b>1,706.03</b>	<b>9,655.33</b>	<b>11,205.49</b>	<b>50,191.62</b>	<b>2,354.24</b>	<b>76,008.40</b>
<b>Accumulated Depreciation</b>							
<b>Balance as at April 1, 2022</b>	65.22	529.68	3,410.07	3,065.10	9,950.72	56.44	17,077.22
Depreciation during the year	82.80	354.21	2,023.08	1,313.47	6,164.06	294.28	10,231.89
Disposals during the year	-	(206.79)	(22.32)	-	-	-	(229.11)
<b>Balance as at March 31, 2023</b>	<b>148.02</b>	<b>677.10</b>	<b>5,410.83</b>	<b>4,378.57</b>	<b>16,114.78</b>	<b>350.72</b>	<b>27,080.10</b>
Depreciation during the year	76.90	313.23	1,735.73	1,313.47	8,427.08	294.28	12,160.69
Disposals during the year	(0.21)	(9.08)	(127.42)	-	-	-	(136.71)
<b>Balance as at March 31, 2024</b>	<b>224.71</b>	<b>981.25</b>	<b>7,019.13</b>	<b>5,692.04</b>	<b>24,541.86</b>	<b>645.00</b>	<b>39,104.08</b>
<b>Net carrying amount</b>							
<b>As at March 31, 2024</b>	<b>670.98</b>	<b>724.78</b>	<b>2,636.20</b>	<b>5,513.45</b>	<b>25,649.76</b>	<b>1,709.24</b>	<b>36,904.41</b>
<b>As at March 31, 2023</b>	<b>652.66</b>	<b>718.70</b>	<b>3,090.20</b>	<b>6,826.92</b>	<b>34,076.84</b>	<b>2,003.52</b>	<b>47,368.85</b>

**Technocian Fashions Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**5. Intangible assets**

Particulars	Computer Software	Total
<b>Gross carrying amount</b>		
Balance at April 1, 2022	196.44	196.44
Additions during the year	-	-
Disposals during the year	-	-
<b>Balance at March 31, 2023</b>	<b>196.44</b>	<b>196.44</b>
Additions during the year	-	-
Disposals during the year	-	-
<b>Balance at March 31, 2024</b>	<b>196.44</b>	<b>196.44</b>
<b>Amortization</b>		
Balance at April 1, 2022	188.18	188.18
Amortization during the year	8.26	8.26
Disposals during the year	-	-
<b>Balance at March 31, 2023</b>	<b>196.44</b>	<b>196.44</b>
Amortization during the year	-	-
Disposals during the year	-	-
<b>Balance at March 31, 2024</b>	<b>196.44</b>	<b>196.44</b>
<b>Net carrying amount</b>		
As at March 31, 2024	-	-
As at March 31, 2023	-	-

**6. Other financial assets**

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<u>Unsecured, Considered good</u>				
(a) Security deposits	2,880.52	3,260.87	30.00	-
(b) Dues from related parties (refer note 28)	1,120.00	898.30	-	-
	<b>4,000.52</b>	<b>4,159.17</b>	<b>30.00</b>	<b>-</b>

**7. Investments**

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Investment in subsidiaries (unquoted)</b>				
(a) 49,999 (March 31, 2023 :49,999) equity shares of S.O.T Garments India Private Limited of ₹ 10 each fully paid up	34,666.12	34,666.12	-	-
(b) 13,139,990 (March 31, 2023 :13,139,990) equity shares of S. Oliver Fashion India Private Limited of ₹ 10 each fully paid up	19,047.68	19,047.68	-	-
	<b>53,713.80</b>	<b>53,713.80</b>	<b>-</b>	<b>-</b>
Aggregate amount of unquoted investments	53,713.80	53,713.80	-	-
	<b>53,713.80</b>	<b>53,713.80</b>	<b>-</b>	<b>-</b>
<b>Particulars</b>			<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>

**8. Non-current tax assets (net)**

Advance Income tax (net of provision for tax)	-	6,738.50
	<b>-</b>	<b>6,738.50</b>

**9. Cash and cash equivalents**

Cash in hand	157.87	-
Balances with banks		
-Current accounts	22,380.11	20,903.88
	<b>22,537.98</b>	<b>20,903.88</b>

**10. Other current assets**

<u>Unsecured, Considered good</u>		
(a) Prepaid expenses	2,323.50	1,948.93
(b) Advance to employees	820.96	856.49
(c) Balance with government authorities	939.67	3,767.38
(d) Others	608.90	661.52
	<b>4,693.02</b>	<b>7,234.32</b>

**Technocian Fashions Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**11. Equity share capital**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Authorized capital</b>		
500,000 (March 31, 2023: 500,000) equity shares of ₹ 10 each	5,000.00	5,000.00
<b>Issued, Subscribed and paid up</b>		
50,000 (March 31, 2023: 50,000) equity shares of ₹ 10 each fully paid up	500.00	500.00
	<b>500.00</b>	<b>500.00</b>
<b>(a) Reconciliation of issued and subscribed share capital:</b>		
	<b>No of shares*</b>	<b>Amount</b>
<b>Balance as at April 01, 2023</b>	50,000.00	500.00
Changes during the year	-	-
<b>Balance as at March 31, 2023</b>	50,000.00	500.00
Changes during the year	-	-
<b>Balance as at March 31, 2024</b>	50,000.00	500.00

(b) The Company has not issued any bonus shares or any shares for consideration other than cash during five years immediately preceding March 31, 2024.

**(c) Terms/ rights attached to equity shares:**

- The Company has only one class of equity share having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders

**(d) Details of shareholding holding more than 5% shares in the company**

	As at March 31, 2024		As at March 31, 2023	
	No of Shares*	Holding %	No of Shares*	Holding %
PDS Limited	27,500	55%	27,500	55%
Rajive Ranjan	22,500	45%	22,500	45%

**(e) Details of equity shares held by Holding Company**

	As at March 31, 2024		As at March 31, 2023	
	No of Shares*	Holding %	No of Shares*	Holding %
PDS Limited	27,500	55%	27,500	55%

**(f) Details of shareholding of promoters:**

	As at March 31, 2024		
	Number of shares*	% of total shares	% Change during the year
PDS Limited	27,500	55%	0%
Rajive Ranjan	22,500	45%	0%

	As at March 31, 2023		
	Number of shares*	% of total shares	% Change during the year
PDS Limited	27,500	55%	0%
Rajive Ranjan	22,500	45%	0%

\*The number of shares are given in absolute numbers

**12. Other equity**

Particulars	As at March 31, 2024	As at March 31, 2023
Retained earnings (refer note (i) below)	23,406.05	14,959.39
Other comprehensive income (refer note (ii) below)	(66.49)	591.29
<b>Balance as at the end of the year</b>	<b>23,339.56</b>	<b>15,550.68</b>

Note: For details refer statement of changes in equity

- Retained earnings are the accumulated profits earned by the Company till date, less transfer to general reserve, if any, dividend and other distributions made to the shareholders.
- Other comprehensive income represent the cumulative balances of actuarial gain or loss arising on remeasurements of defined benefit plan is accumulated and recognised within this component of other comprehensive income. Items included in actuarial gain or loss reserve will not be reclassified subsequently to statement of profit and loss.

**Technocian Fashions Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**13. Provisions**

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Provision for employee benefits</b>				
Provision for compensated absences	4,063.84	2,955.05	1,618.70	1,602.04
Provision for gratuity (refer note 28)	3,049.33	2,178.88	1,068.27	779.41
	<b>7,113.17</b>	<b>5,133.93</b>	<b>2,686.96</b>	<b>2,381.45</b>

**14. Other financial liabilities**

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Payables on deferred purchase consideration	4,688.74	5,343.88	-	-
Deposits received	30.00	30.00	-	-
Dues to employees	-	-	6,177.03	8,965.06
	<b>4,718.74</b>	<b>5,373.88</b>	<b>6,177.03</b>	<b>8,965.06</b>

**15. Trade payables**

Particulars	As at March 31, 2024	As at March 31, 2023
- Total outstanding dues to Micro Enterprises and Small Enterprises (refer note 'b' & 'c' below)	-	-
- Total outstanding dues to parties other than micro enterprises and small enterprises	2,272.68	3,998.96
	<b>2,272.68</b>	<b>3,998.96</b>

**Notes:**

- (a) Trade payable due to related parties as at March 31, 2024 amounts to Nil (March 31, 2023: ₹ 2,323.54).
- (b) As per Schedule III of the Companies Act, 2013 and notification no. G.S.R 719(E) dated November 16, 2017 and as certified by the management, the amount due to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006 is as under:

Particulars	As at March 31, 2024	As at March 31, 2023
- the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;	-	-
- the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
- the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
- the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
- the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

- (c) Disclosure of payable to vendors as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of registration of such vendors under the said Act and as per the intimation received from them on requests made by the Company.

**(d) Ageing Analysis**
**Trade Payables as on March 31, 2024**

Particulars	Outstanding for following periods from due date of payment					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to Micro Enterprises and Small Enterprises	-	-	-	-	-	-
- Total outstanding dues to parties other than Micro Enterprises and Small Enterprises	1,286.93	985.75	-	-	-	2,272.68
- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
	<b>1,286.93</b>	<b>985.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,272.68</b>

**Trade Payables as on March 31, 2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Accrued liabilities	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Trade Payables						
- Total outstanding dues to Micro Enterprises and Small Enterprises	-	-	-	-	-	-
- Total outstanding dues to parties other than Micro Enterprises and Small Enterprises	660.01	3,338.95	-	-	-	3,998.96

Technocian Fashions Private Limited

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ thousands unless otherwise specified)

- Disputed dues - Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
- Disputed dues - Total outstanding dues to creditors other than micro and small enterprises	-	-	-	-	-	-
	660.01	3,338.95	-	-	-	3,998.96

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***16. Other liabilities**

Particulars	Non-current		Current	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
(a) Advance from customers (refer note 29)	-	-	43,959.18	51,640.07
(b) Statutory dues	-	-	4,043.21	4,936.48
	<u>-</u>	<u>-</u>	<u>48,002.39</u>	<u>56,576.55</u>

**17. Current tax liabilities (net)**

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for income tax (net of advance)	306.12	6,676.46
	<u>306.12</u>	<u>6,676.46</u>

**18. Revenue from Operations**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Sale of services (refer note 29)	181,028.47	178,652.13
	<u>181,028.47</u>	<u>178,652.13</u>

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

(i) Particulars	Timing of revenue recognition	Year ended March 31, 2024	Year ended March 31, 2023
Sale of services	Over time	181,028.47	178,652.13
<b>Total</b>		<u>181,028.47</u>	<u>178,652.13</u>

**Contract Balances**

Assets and liabilities related to contracts with customers:

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liability - advance from customers (refer note 16)	43,959.18	51,640.07

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Contract liabilities at the beginning of the year</b>	51,640.07	17,600.85
Advance (adjusted)/received from customers during the year, net	(7,680.90)	34,039.22
<b>Contract liabilities at the end of the year</b>	<u>43,959.18</u>	<u>51,640.07</u>

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Revenue as per contract	181,028.47	178,652.13
Revenue from contract with customers	<u>181,028.47</u>	<u>178,652.13</u>

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>19. Other income</b>		
Unwinding of discount on deposits carried at amortised cost	249.65	228.01
Interest on income tax refund	35.11	-
Gains on foreign currency fluctuation	8,824.34	1,141.20
Gains on sale of property, plant and equipment	-	11.29
Rental income (refer note 29)	120.00	110.00
Dividend income (refer note 29)	-	6,365.00
Liabilities no longer required written back	1,077.67	897.91
Miscellaneous income	221.23	-
	<u>10,528.00</u>	<u>8,753.41</u>

**20. Employee benefit expense**

Salaries, allowances and other benefits	106,531.29	105,566.73
Contribution to provident and other funds (refer note 28)	5,498.01	4,525.21
Staff welfare expenses	2,386.01	1,936.57
Gratuity expenses	1,179.91	813.39
	<u>115,595.21</u>	<u>112,841.90</u>

**21. Depreciation and amortisation expense**

Depreciation of property, plant and equipment (refer note 4)	3,733.61	4,067.84
Depreciation of right of use asset (refer note 4)	8,427.08	6,164.06
Amortisation of intangible assets (refer note 5)	-	8.26
	<u>12,160.69</u>	<u>10,240.15</u>

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)*

	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>22.</b>	<b>Finance Cost</b>		
	Interest on lease obligation	3,180.99	3,203.33
	Interest on deferred consideration of investments	422.53	504.72
		<b>3,603.52</b>	<b>3,708.05</b>
<b>23.</b>	<b>Other expenses</b>		
	Auditors' remuneration (refer note (i) below)	250.00	225.00
	Bank charges	9.65	38.75
	Communication expenses	1,499.64	1,017.41
	Courier charges	2,516.58	2,729.71
	Electricity charges	958.97	880.33
	Hire charges	2,456.98	3,319.23
	Insurance	74.21	11.28
	Legal and professional fees	2,548.04	2,244.44
	Loss on sale of property, plant and equipment (net)	47.62	-
	Printing and stationery	639.65	833.66
	Rates and taxes	91.79	78.97
	Recruitment expenses	1,373.92	1,877.30
	Rent (refer note 35)	683.00	958.67
	Repairs and maintenance- others	6,566.55	7,624.07
	Sampling expenses	71.42	82.37
	Miscellaneous expenses	128.28	263.76
	Travelling and conveyance	10,042.24	10,755.53
		<b>29,958.55</b>	<b>32,940.47</b>
Notes:			
(i)	Auditors' remuneration:		
	For statutory audit	200.00	175.00
	For tax audit	50.00	50.00
		<b>250.00</b>	<b>225.00</b>

**24. Earnings per share**

Basic EPS amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except where the result would be anti-dilutive.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to equity holders(₹)	22,386.75	21,577.28
Weighted average number of equity shares outstanding during the year(in absolute figure)	50,000	50,000
Basic earnings per share (₹)	447.74	431.55
Diluted earnings per share (₹)	447.74	431.55
Face value per share (₹)	10.00	10.00

**25. Segment Information**

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

The business activities of the Company consists of providing sourcing support services to its fellow subsidiary . The disclosures as required under Ind AS 108 on operating segment reporting has not been provided as the Company deals in one business segment.

**Geographical information**

As the Company exports its services and there is no secondary segment for the Company. Information on the geographic segment is as follows:

Location	Revenue	
	Year ended March 31, 2024	Year ended March 31, 2023
Within India	-	-
Outside India	181,028.47	178,652.13
	<b>181,028.47</b>	<b>178,652.13</b>

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

The amount of its revenue from major customers (more than 10% of the total) is shown in the table below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Techno Design GmbH	181,028.47	178,652.13

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***26. Transfer pricing**

The Company has established a comprehensive system on maintenance of information and documents as required by the transfer pricing legislation under 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprises during the year and expects such records to be in existence latest by the due date as required under law. The management is of the opinion that its international transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements.

27. The Shareholder's of the Company, in the meeting held on May 26, 2023, approved the scheme of Arrangement (the Scheme') whereby the S.O.T Garments India Private Limited (the transferor Company) is proposed to be merged with the Company. The appointed date of scheme is July 01, 2022 and approval of majority of the shareholders and creditors of S.O.T Garments India Private Limited and Technocian Fashions Private Limited has been taken. The Board of Directors of the Company approved the scheme on July 28, 2022.

**28. Employee benefits****(a) Defined contribution plans**

The Company makes contribution towards Employees Provident Fund and Employee's State Insurance scheme. Under the rules of these schemes, the Company is required to contribute a specified percentage of payroll costs. The Company during the year recognised ₹ 5,498.01 (March 31, 2023: ₹ 4,525.21) in the Statement of Profit and Loss under Company's contribution to defined contribution plans.

**(b) Other long-term benefits**

Long term compensated absences are provided for on the basis of actuarial valuation, using the projected unit credit method, at the end of each financial year. Actuarial gains/losses, if any, are recognized immediately in the Statement of Profit and Loss..

**(c) Defined benefit obligations**

The Company's gratuity scheme provide for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days basic salary for each completed year of service or part thereof in excess of six months in terms of provisions of Gratuity Act, 1972. Vesting occurs upon completion of five years of service.

As per Ind AS 19 "Employee benefits", the present value of defined benefit obligation and the related current service cost were measured using the projected unit credit method with actuarial valuations being carried out at each Balance Sheet date.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the balance sheet:

**(i) Amount recognised in Statement of Profit and Loss and other comprehensive income:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	962.18	664.34
Interest expense	217.73	149.05
<b>Amount recognised in Statement of profit and loss</b>	<b>1,179.91</b>	<b>813.39</b>
<b>Remeasurement of defined benefit liability:</b>		
Actuarial loss	879.01	634.54
<b>Amount recognised in other comprehensive income</b>	<b>879.01</b>	<b>634.54</b>
<b>Total</b>	<b>2,058.91</b>	<b>1,447.93</b>

**(ii) Bifurcation of actuarial loss on gratuity:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Remeasurement due to:</b>		
Effect of change in financial assumptions	369.86	(524.33)
Effect of experience adjustment	509.15	1,158.87
<b>Total amount recognized in other comprehensive income</b>	<b>879.01</b>	<b>634.54</b>

**(ii) Net liabilities recognized in the Balance Sheet for benefit obligation**

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation	4,117.60	2,958.29
Net defined benefit obligation recognised in the Balance Sheet	<b>4,117.60</b>	<b>2,958.29</b>
Classified as non-current	3,049.33	2,178.88
Classified as current	1,068.27	779.41
<b>Total</b>	<b>4,117.60</b>	<b>2,958.29</b>

**(iii) Actual benefit payments during the year**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Actual benefit payments	899.60	565.60

**(iv) Changes in the present value of the defined benefit obligation are as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
Defined benefit obligation at beginning of the year	2,958.29	2,075.97
Current service cost	962.18	664.34
Interest expense	217.73	149.05

Technocian Fashions Private Limited

Notes to the financial statements for the year ended March 31, 2024

(All amounts are in ₹ thousands unless otherwise specified)

Remeasurement losses	879.01	634.54
Benefits paid	(899.60)	(565.60)
Defined benefit obligation at end of the year	<u>4,117.60</u>	<u>2,958.29</u>

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***28. Employee benefits (Cont'd)**

- (v)
- The principal assumptions used in determining obligations for the Company's plan are shown below:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount rate (in %)	7.23%	7.36%
Future salary increase (in %)	5.00%	5.00%

Demographic Assumptions

- (a)
- Attrition

Upto 30 years	31.0%	28.0%
31-44 years	31.0%	48.0%
Above 44 years	54.0%	44.0%

- (b)
- Mortality

IALM (2012-14)

IALM (2012-14)

- (c)
- Retirement age

58 years

58 years

- (d) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

- (vi)
- Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Effect of +50 basis points in rate of discounting	(51.95)	(31.57)
Effect of -50 basis points in rate of discounting	53.34	32.29
Effect of +50 basis points in rate of salary increase	54.23	32.87
Effect of -50 basis points in rate of salary increase	(53.29)	(32.43)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

- (vii)
- Risk exposure:

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

**Investment Risk:** If Plan is funded then assets liabilities mismatch & actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.

**Discount Rate:** Reduction in discount rate in subsequent valuations can increase the plan's liability.

**Salary Escalation Risk:** Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

**Mortality Risk:** Actual deaths & disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

**Withdrawals:** Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

- (viii) The weighted average duration of the defined obligation as at March 31, 2024 is 2.40 years. (March 31, 2023: 1.73)

- (ix)
- Maturity profile of defined benefit obligation is as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
0-2 year	2,145.63	1,661.86
2 to 6 years	1,474.76	1,057.10
More than 6 years	497.21	239.33

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***29. Related party disclosures**

Disclosures in accordance with the requirements of Ind AS 24 on Related Party Disclosures, as identified and certified by the management, are set out as below:

**(a) Details of related parties:**

<u>Description of relationship</u>	<u>Names of related parties</u>
Holding Company	PDS Limited
Subsidiaries	S.O.T. Garments India Private Limited S.Oliver Fashions Private Limited
Fellow subsidiaries	Techno Design Gmbh Techno Design HK Limited
Key management personnel	Deepak Vijay (Chief Financial Officer w.e.f. February 24, 2022) Pawan Kumar Varshney (resigned w.e.f. March 31, 2022) Rajive Ranjan Abhishekh Kanoi Raamann Ahuja

**(b) Details of related party transactions during the year ended March 31, 2024 and March 31, 2023 and outstanding balance as at March 31, 2024 and March 31, 2023:**

<u>Particulars</u>	<u>Nature of transaction</u>	<u>Relationship</u>	<u>Year ended March 31, 2024</u>	<u>Year ended March 31, 2023</u>
<u>A. Transactions during the year</u>				
Techno Design Gmbh	Revenue from operations	Fellow subsidiary	181,028.47	178,652.13
S.O.T. Garments India Private Limited	Dividend income	Subsidiary	-	6,365.00
S.Oliver Fashions Private Limited	Rental income	Subsidiary	120.00	110.00
Techno Design HK Limited	Hire Charges	Fellow subsidiary	-	2,323.54
S.Oliver Fashions Private Limited	Reimbursement of expenses	Subsidiary	101.70	-
S.O.T. Garments India Private Limited	Rent expenses	Subsidiary	20.00	-
PDS Limited	Payment of lease liabilities	Holding company	10,268.81	7,740.37
PDS Limited	Electricity charges	Holding company	682.00	569.96
PDS Limited	Repairs and maintenance- others	Holding company	6,646.19	3,138.74
PDS Limited	Dividend paid	Holding company	7,667.05	10,317.97
Rajive Ranjan	Dividend paid	Key managerial personee	6,273.04	(10,317.97)
Deepak Vijay	Employee benefit expense	Key managerial personee	5,961.50	5,500.00
Pawan Kumar Varshney	Employee benefit expense		-	800.00
<u>B. Year end receivable balances of related parties</u>				
S.Oliver Fashions Private Limited	Due from related party	Subsidiary	1,120.00	898.30
S.O.T. Garments India Private Limited	Security deposits	Subsidiary	30.00	-
PDS Limited	Security deposits	Holding company	4,227.21	2,630.87
S.O.T. Garments India Private Limited	Investment in subsidiaries	Subsidiary	34,666.12	34,666.12
S.Oliver Fashions Private Limited	Investment in subsidiaries	Subsidiary	19,047.68	19,047.68
<u>C. Year end payable balances of related parties</u>				
Techno Design HK Limited	Trade payables	Fellow subsidiary	-	2,323.54
S.Oliver Fashions Private Limited	Deposits received	Subsidiary	30.00	-
Deepak Vijay	Employee benefit expense payable	Key managerial personee	-	365.27
Techno Design Gmbh	Advance from customers	Fellow subsidiary	43,959.18	51,640.07

**Technocian Fashions Private Limited**
**Notes to the financial statements for the year ended March 31, 2024**
*(All amounts are in ₹ thousands unless otherwise specified)*
**30. Income taxes**
**Income tax expense in the Statement of Profit and Loss**

The major components of income tax expense for the years ended March 31, 2024 and March 31, 2023 are:

Statement of profit and loss:	As at March 31, 2024	As at March 31, 2023
<b>Tax expense:</b>		
a) Current tax	8,741.18	6,974.20
c) Deferred tax credit	(1,110.66)	(876.51)
<b>Income tax expense reported in the Statement of Profit and Loss</b>	<b>7,630.52</b>	<b>6,097.69</b>

**(b) Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate for March 31, 2024 and March 31, 2023**

<b>Accounting profit before tax</b>	<b>30,238.50</b>	<b>27,674.97</b>
Tax @ 25.168 being the applicable Indian tax rate	7,610.43	6,965.24
Tax on permanent tax disallowances	80.47	(1,005.59)
Others	(4.71)	138.05
<b>At the effective income tax rate</b>	<b>7,686.20</b>	<b>6,097.69</b>

**Income tax recognized in other comprehensive income**

Deferred tax related to items recognized in OCI during the year:	Year ended March 31, 2024	Year ended March 31, 2023
Net loss on remeasurements of defined benefit plans	221.23	159.70
<b>Net amount charged to OCI</b>	<b>221.23</b>	<b>159.70</b>

**(c) Deferred tax assets /liabilities**

Deferred tax assets  
Deferred tax liabilities  
Total deferred tax assets (net)

**Movement in deferred tax liabilities (net)**

	As at April 01, 2023	Recognized in Statement of Profit and Loss	Recognized in Statement of Other Comprehensive income	As at March 31, 2024
<b>Deferred tax assets relates to the following:</b>				
Provision for gratuity and compensated absences	1,891.48	353.79	221.23	2,466.50
Property, plant and equipment	1,336.98	535.64	-	1,872.62
	<b>3,228.46</b>	<b>889.43</b>	<b>221.23</b>	<b>4,339.12</b>
<b>Total deferred tax asset (net)</b>	<b>3,228.46</b>	<b>889.43</b>	<b>221.23</b>	<b>4,339.12</b>

**Movement in deferred tax assets (net)**

	As at April 01, 2022	Recognized in Statement of Profit and Loss	Recognized in Statement of Other Comprehensive income	As at March 31, 2023
<b>Deferred tax assets relates to the following:</b>				
Provision for gratuity and compensated absences	953.63	763.57	159.70	1,891.48
Property, plant and equipment	757.17	579.81	-	1,336.98
Security deposit	459.15	(459.15)	-	-
Others	7.72	(7.72)	-	-
	<b>2,177.67</b>	<b>876.51</b>	<b>159.70</b>	<b>3,228.46</b>
<b>Total deferred tax asset (net)</b>	<b>2,177.67</b>	<b>876.51</b>	<b>159.70</b>	<b>3,228.46</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***31. Financial risk management**

The Company's principal financial liabilities comprises lease liabilities, trade payables, security deposit received, dues to employees and payables on deferred purchase consideration. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's principal financial assets includes investment in subsidiaries, security deposits, dues from related party and cash and cash equivalents.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior level personnel oversees the management of these risks.

**(a) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk applicable in case of the Company primarily includes currency risk.

**Foreign currency risk**

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

Particulars	Currency	As at March 31, 2024	As at March 31, 2023
Trade payable	USD	-	2,323.54
<b>Net exposure</b>		<b>-</b>	<b>2,323.54</b>

**Foreign currency sensitivity**

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

Impact on Profit and loss	Change in rate	As at March 31, 2024	As at March 31, 2023
USD	+5%	-	(116.18)
	-5%	-	116.18
Impact on total equity	Change in rate	As at March 31, 2024	As at March 31, 2023
USD	+5%	-	(86.94)
	-5%	-	86.94

**(b) Liquidity risk**

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

**Liquidity risk table:**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at March 31, 2024

Particulars	Trade payable	Lease liabilities	Other financial liabilities
<b>Financial Liabilities</b>			
Less than 12 months	2,272.68	10,505.97	6,177.03
1 to 5 years	-	26,598.94	4,718.74
>5 years	-	-	-
<b>Total contracted cash flows</b>	<b>2,272.68</b>	<b>37,104.91</b>	<b>10,895.77</b>

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at March 31, 2023

Particulars	Trade payable	Lease liabilities	Other financial liabilities
<b>Financial Liabilities</b>			
Less than 12 months	3,998.96	10,268.81	8,965.06
1 to 5 years	-	35,196.13	5,373.88
>5 years	-	1,908.88	-
<b>Total contracted cash flows</b>	<b>3,998.96</b>	<b>47,373.82</b>	<b>14,338.94</b>

**(c) Credit risk**

Credit risk is the risk that counterparty will default on its contractual obligations resulting in finance loss to the Company. The Company continuously monitors defaults of customers and other counterparties and incorporate this information into its credit risk control. The Company 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.

Trade receivable- The Company does not have any trade receivable and hence no credit risk exists for trade receivable.

For cash & cash equivalents and other bank balances - Since the Company deals with only high-rated banks and financial institutions, credit risk in respect of cash and cash equivalents, other bank balances and bank deposits is evaluated as very low.

For security deposits - Credit risk is considered low because the Company is in possession of the underlying asset.

32. Capital management

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

The Company's capital and adjusted net debt position is given below:

Particular	As at March 31, 2024	As at March 31, 2023
Borrowings	-	-
Less: Cash & cash equivalents (refer note 9)	(22,537.98)	(20,903.88)
<b>Adjusted net debt (A)</b>	<b>(22,537.98)</b>	<b>(20,903.88)</b>
Equity share capital (refer note 11)	500.00	500.00
Other equity (refer note 12)	23,406.05	14,959.39
<b>Total Capital (B)</b>	<b>23,906.05</b>	<b>15,459.39</b>
<b>Capital and net debt (A+B)</b>	<b>1,368.07</b>	<b>(5,444.49)</b>

a) No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2024 and March 31, 2023  
b) For the purpose of capital management, capital includes issued equity capital and all other reserves attributable to the equity holders of the Company.

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***33. Fair value disclosure****(a) The carrying amounts of financial assets by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets measured at cost</b>		
Investment in subsidiaries	53,713.80	53,713.80
<b>Total (a)</b>	<b>53,713.80</b>	<b>53,713.80</b>
<b>Financial assets measured at amortised cost</b>		
Other financial assets	4,030.52	4,159.17
Cash and cash equivalents	22,537.98	20,903.88
<b>Total (b)</b>	<b>26,568.50</b>	<b>25,063.05</b>
<b>Total Financial assets(a+b)</b>	<b>80,282.30</b>	<b>78,776.85</b>

**(b) The carrying amounts of financial liabilities by categories is as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial Liabilities measured at amortised cost</b>		
Trade payables	2,272.68	3,998.96
Lease liabilities	31,102.22	38,190.04
Other financial liabilities	10,895.77	14,338.94
<b>Total Financial liabilities</b>	<b>44,270.67</b>	<b>56,527.93</b>

The cash and bank balances, other financial assets, trade payable, lease liabilities, other financial liabilities are considered to be equal to the carrying amount of these items due to their short term nature.

**34. Fair Value Hierarchy**

All financial instruments for which fair value is recognized or disclosed are categorized 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.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that has a significant effect on the fair value measurement are observable, either directly or indirectly.

Level 3: Valuation techniques for which the lowest level input which has a significant effect on the fair value measurement is not based on observable market data.

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

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

**35. Leases**

(i) The Company has taken leases for office building. The Company also has certain leases of office premises with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as per Ind AS 116.

(ii) Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Opening balance</b>	34,076.84	31,525.20
Addition during the year	-	8,715.70
Depreciation	8,427.08	6,164.06
<b>Closing balance</b>	<b>25,649.76</b>	<b>34,076.84</b>

(iii) Set out below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Opening balance</b>	38,190.04	34,011.38
Lease liabilities recognised during the period	-	8,715.70
Interest expense on lease liabilities	3,180.99	3,203.33
Payment of lease liabilities	(10,268.81)	(7,740.37)
<b>Closing balance</b>	<b>31,102.22</b>	<b>38,190.04</b>
Current lease liabilities	8,003.95	7,087.81
Non-current lease liabilities	23,098.27	31,102.23
	<b>31,102.22</b>	<b>38,190.04</b>

**(iv) Maturity analysis of lease liabilities:**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Not later than 1 year	10,505.97	10,268.81
Later than 1 year not later than 5 years	26,598.94	35,196.13
Later than 5 years	-	1,908.88
<b>Total</b>	<b>37,104.90</b>	<b>45,464.95</b>

**Technocian Fashions Private Limited****Notes to the financial statements for the year ended March 31, 2024***(All amounts are in ₹ thousands unless otherwise specified)***35. Leases (cont'd)**(vi) Amounts recognised in profit or loss

Particulars	As at March 31, 2024	As at March 31, 2023
Rent expense relating to short-term leases	683.00	958.67
Interest expense on lease liabilities	3,180.99	3,203.33
Depreciation expense of right-of-use assets	8,427.08	6,164.06
<b>Total</b>	<b>12,291.07</b>	<b>10,326.06</b>

**36. Reconciliation of liabilities arising from Company's financing activities**

Particulars	As at March 31, 2023	Cash flow		Non cash item	As at March 31, 2024
		Interest	Repayment		
Lease liability	38,190.04	3,180.99	(10,268.81)	-	31,102.22
<b>Total</b>	<b>38,190.04</b>	<b>3,180.99</b>	<b>(10,268.81)</b>	<b>-</b>	<b>31,102.22</b>

Particulars	As at March 31, 2022	Cash flow		Additions/Non cash item	As at March 31, 2023
		Interest	Repayment		
Lease liability	34,011.39	3,203.33	(7,740.37)	8,715.69	38,190.04
<b>Total</b>	<b>34,011.39</b>	<b>3,203.33</b>	<b>(7,740.37)</b>	<b>8,715.69</b>	<b>38,190.04</b>

**37 (i) Additional information, as required under Schedule III Companies Act, 2023**

- (a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (b) The Company does not have any transactions with companies struck off.
- (c) The Company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.
- (d) The Company has not been declared as wilful defaulter by any bank or financial institution or government or any government authority.
- (e) The Company has complied with the number of layers prescribed under the Companies Act, 2013.
- (ii) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**38. Audit Trail**

The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company uses the accounting software for maintaining its books of account. During the year ended 31 March 2024, the Company had not enabled the feature of recording audit trail (edit log) at the database level for the said accounting software to log any direct data changes as it would impact database performance significantly. Audit trail (edit log) is enabled at the application level as part of standard framework and the Company's users have access to perform transactions only from the application level.

**39. Subsequent events**

No events have occurred between the balance sheet date to the date of issue of these financial statements that could affect the values stated in the financial statements as at March 31, 2024.

40. Ratio Analysis

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	Variation
Current ratio (in times)	Total current assets	Total current Liabilities	0.40	0.33	23.08%
Return on equity ratio (in times)	Net profit after taxes less preference dividend (if any)	Average shareholder's equity	1.12	1.45	-22.60%
Trade Payable Turnover ratio#	Expenses during the year	Average trade payables	9.55	5.45	75.40%
Net capital turnover ratio (in times)*	Revenue from operations	Working capital (i.e. Total current assets less Total current liabilities)	(4.50)	(3.10)	45.10%
Net profit ratio (in %)	Profit for the year	Revenue from operations	12.37%	12.08%	2.39%
Return on capital employed (in %)^	Profit before tax and finance costs	Capital employed = Net worth + Deferred tax liabilities + Total Debt	1.42	1.96	-27.40%

Reason for variances:  
\* On account of increase in revenue from operation and decrease in currnet liabilities as on March 31, 2024.  
^ On account of increase in capital employed during the year.  
# On account of decrease in trade payable during the year.

41. Contingencies and capital commitments

There is no contingent liability and capital commitments as at March 31, 2024.

42. The figures of the previous year have been re-grouped / re-classified to render them comparable with the figures of the current year.

As per our report of even date			For and on behalf of the Board of Directors of Technocian Fashions Private Limited		
For Walker Chandiok & Co LLP Chartered Accountants Firm's Registration Number: 001076N/N500013					
Sd/-			Sd/-	Sd/-	
Lokesh Khemka			Abhishekh Kanoi	Raamann Ahuja	
Partner			Director	Director	
Membership Number: 067878			DIN: 03129842	DIN:06577212	
Bengaluru			Mumbai	New Delhi	
May 14, 2024			May 14, 2024	May 14, 2024	

**Company registration number 09301498 (England and Wales)**

**YELLOW OCTOPUS-UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

# YELLOW OCTOPUS-UK LIMITED

## COMPANY INFORMATION

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**Directors** Mr Jacek Roman Ostrowski  
Mr Deepak Burman  
Mr Bhavesh Shah

**Company number** 09301498

**Registered office** Unit 1  
Teal Industrial Park  
Cyan Close  
Nottingham  
Nottinghamshire  
NG14 5JX

**Auditor** UHY Hacker Young  
Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# YELLOW OCTOPUS-UK LIMITED

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# **YELLOW OCTOPUS-UK LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2024**

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The directors present their annual report and financial statements for the year ended 31 March 2024.

#### **Principal activities**

The principal activity of the company is the sourcing of wholesale clothing and consumable products.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Jacek Roman Ostrowski

Mr Deepak Burman

Mr Bhavesh Shah

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small companies exemption**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

**YELLOW OCTOPUS-UK LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2024**

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On behalf of the board

*Jack Ostrowski*

.....  
Mr Jacek Roman Ostrowski

**Director**

Date: 13/05/2024  
.....

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF YELLOW OCTOPUS-UK LIMITED

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#### Opinion

We have audited the financial statements of Yellow Octopus-UK Limited (the 'company') for the year ended 31 March 2024 which comprise the profit and loss account, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its profit for period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF YELLOW OCTOPUS-UK LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF YELLOW OCTOPUS-UK LIMITED**

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#### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Company, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and profit.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF YELLOW OCTOPUS-UK LIMITED**

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*Vinod Vadgama*

**Vinodkumar Vadgama**  
**Senior Statutory Auditor**  
**For and on behalf of UHY Hacker Young**

Date: 13/05/2024

**Chartered Accountants**  
**Statutory Auditor**

**YELLOW OCTOPUS-UK LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2024**

		<b>2024</b>	<b>2023</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>		5,090,943	2,836,892
Cost of sales		(4,032,188)	(2,040,209)
<b>Gross profit</b>		1,058,755	796,683
Administrative expenses		(777,904)	(443,217)
Other operating income		18,024	-
<b>Operating profit</b>		298,875	353,466
Interest payable and similar expenses		(56,135)	(24,976)
<b>Profit before taxation</b>		242,740	328,490
Tax on profit	<b>5</b>	(57,692)	(50,737)
<b>Profit for the financial year</b>		185,048	277,753

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# YELLOW OCTOPUS-UK LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
<b>Fixed assets</b>					
Tangible assets	7		60,190		66,575
Investments	8		252,020		-
			<u>312,210</u>		<u>66,575</u>
<b>Current assets</b>					
Stocks			156,949		254,738
Debtors	9		649,263		447,249
Cash at bank and in hand			181,737		299,910
			<u>987,949</u>		<u>1,001,897</u>
<b>Creditors: amounts falling due within one year</b>	10		<u>(1,264,159)</u>		<u>(1,182,774)</u>
<b>Net current liabilities</b>			<u>(276,210)</u>		<u>(180,877)</u>
<b>Total assets less current liabilities</b>			36,000		(114,302)
<b>Creditors: amounts falling due after more than one year</b>	11		(38,889)		(72,222)
<b>Provisions for liabilities</b>	13		(13,135)		(14,548)
<b>Net liabilities</b>			<u>(16,024)</u>		<u>(201,072)</u>
<b>Capital and reserves</b>					
Called up share capital			10,000		10,000
Profit and loss reserves			(26,024)		(211,072)
<b>Total equity</b>			<u>(16,024)</u>		<u>(201,072)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 13/05/2024 and are signed on its behalf by:

*Jack Ostrowski*

Mr Jacek Roman Ostrowski  
**Director**

Company registration number 09301498 (England and Wales)

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

##### Company information

Yellow Octopus-UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Teal Industrial Park, Cyan Close, Nottingham, Nottinghamshire, NG14 5JX.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have carefully considered the trading outlook for the coming year and expected cashflows and have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. In addition, group companies have agreed not to seek repayment of amounts owed until the company is able to pay its debts as they fall due. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

##### 1.4 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	3 years straight line
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##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years straight line
Plant and equipment	10 years straight line
Fixtures and fittings	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

##### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 1 Accounting policies

(Continued)

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### 3 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12,286	12,950
	<u>          </u>	<u>          </u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Total	11	5

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

#### 5 Taxation

	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	59,105	33,636
Adjustments in respect of prior periods	-	3,018
Total current tax	59,105	36,654
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,413)	14,083
Total tax charge	57,692	50,737

#### 6 Intangible fixed assets

	Website £
<b>Cost</b>	
At 1 April 2023 and 31 March 2024	144,621
<b>Amortisation and impairment</b>	
At 1 April 2023 and 31 March 2024	144,621
<b>Carrying amount</b>	
At 31 March 2024	-
At 31 March 2023	-

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 7 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 April 2023	17,006	52,733	69,739
Additions	-	1,954	1,954
At 31 March 2024	17,006	54,687	71,693
<b>Depreciation and impairment</b>			
At 1 April 2023	567	2,597	3,164
Depreciation charged in the year	1,701	6,638	8,339
At 31 March 2024	2,268	9,235	11,503
<b>Carrying amount</b>			
At 31 March 2024	14,738	45,452	60,190
At 31 March 2023	16,439	50,136	66,575

#### 8 Fixed asset investments

	2024 £	2023 £
Shares in group undertakings and participating interests	252,020	-

#### Movements in fixed asset investments

	Shares in associates £
<b>Cost or valuation</b>	
At 1 April 2023	-
Additions	252,020
At 31 March 2024	252,020
<b>Carrying amount</b>	
At 31 March 2024	252,020
At 31 March 2023	-

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 9 Debtors

	2024	2023
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	11,802	86,840
Amounts owed by group undertakings	62,626	113,646
Other debtors	110,334	81,763
	<u>184,762</u>	<u>282,249</u>
<b>Amounts falling due after more than one year:</b>		
Other debtors	<u>464,501</u>	<u>165,000</u>
<b>Total debtors</b>	<u>649,263</u>	<u>447,249</u>

#### 10 Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank loans	33,333	33,333
Other borrowings	625,597	382,374
Trade creditors	228,237	62,894
Corporation tax	66,642	41,536
Other taxation and social security	56,975	42,809
Other creditors	163,330	-
Accruals and deferred income	90,045	619,828
	<u>1,264,159</u>	<u>1,182,774</u>

A fixed and floating charge exist over the assets of the company.

#### 11 Creditors: amounts falling due after more than one year

	Notes	2024	2023
		£	£
Bank loans and overdrafts	12	<u>38,889</u>	<u>72,222</u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 12 Loans and overdrafts

	2024 £	2023 £
Bank loans	72,222	105,555
Loans from group undertakings and related parties	625,597	382,374
	<u>697,819</u>	<u>487,929</u>
Payable within one year	658,930	415,707
Payable after one year	<u>38,889</u>	<u>72,222</u>

The bank loan is unsecured and has an interest rate of 7%.

#### 13 Provisions for liabilities

	2024 £	2023 £
Deferred tax liabilities	<u>13,135</u>	<u>14,548</u>

#### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2024 £	Liabilities 2023 £
<b>Balances:</b>		
Accelerated Capital Allowances	<u>13,135</u>	<u>14,548</u>
<b>Movements in the year:</b>		<b>2024 £</b>
Liability at 1 April 2023		14,548
Credit to profit or loss		(1,413)
Liability at 31 March 2024		<u>13,135</u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 15 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2024	2023
£	£
262,148	336,640
<u>262,148</u>	<u>336,640</u>

## YELLOW OCTOPUS-UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 MARCH 2024

#### 16 Related party transactions

##### Other information

	Rent/commission and other income		Purchases/commission and other expenses		Amounts owed from/(to) related party	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
Yellow Octopus EU S.A.	793,915	833,439	-	-	(533,577)	(406,839)
Yellow Octopus Ventures FZC	-	-	-	-	37,918	88,938
Loop Digital Wardrobe Ltd	-	-	-	-	(464,501)	165,000
M J Capital FZC	-	-	-	-	20,366	20,366
Citium Asset Management Ltd	-	-	120,000	80,000	-	-
Priscilla Investments (M'tius) Ltd	-	-	-	2,175	-	-
Multinational Textile Group Ltd	-	-	-	14,995	-	-
PG Capital FZE	-	-	-	-	4,342	4,342
Upcycle Labs Ltd	21,313	-	12,267	-	-	45,717

The above companies are related as follows:

Yellow Octopus-UK Limited is a joint venture between MMM Ventures SP. Z.o.o. Sp. K, Poland and PDS Multinational FZCO, Dubai (a subsidiary entity of PDS Limited, India) who share equal control of the company.

Upcycle Labs Limited, United Kingdom is owned by Yellow Octopus-Uk Limited and PDS Ventures Limited, Hong Kong.

Yellow Octopus EU S.A., Poland and Yellow Octopus Ventures FZC, Ajman are also joint ventures between MMM Ventures SP. Z.o.o. Sp. K and PDS Multinational FZCO.

M J Capital FZC, Ajman and MMM Ventures SP. Z.o.o. Sp. K, Poland are owned equally by J R Ostrowski and M Ostrowska.

Citium Asset Management Limited Cyprus is owned by J R Ostrowski.

Loop Digital Wardrobe Limited United Kingdom is owned by J R Ostrowski and PDS Ventures Limited, Hong Kong.

Priscilla Investments (M'tius) Limited, Mauritius formerly owned 50% of Yellow Octopus-UK Limited. Multinational Textile Group Limited, Mauritius, PG Capital FZE, Dubai, PDS Ventures Limited, Hong Kong and Upcycle Labs Limited, United Kingdom are all subsidiaries of PDS Limited, India.

## **YELLOW OCTOPUS-UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024**

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#### **17 Parent company**

Mmm Ventures Spolka Z Organiczona Odpowiedzialnoscia Spolka Komandytowa, a company based in Poland and PDS Multinational Fzco, a company based in UAE share equal control of the company.

**YELLOW OCTOPUS-UK LIMITED**

**MANAGEMENT INFORMATION**

**FOR THE YEAR ENDED 31 MARCH 2024**

**YELLOW OCTOPUS-UK LIMITED****DETAILED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 MARCH 2024**

	2024 £	2024 £	2023 £	2023 £
<b>Turnover</b>				
Sales of goods		5,065,879		2,715,049
Recharges		25,064		121,843
		<u>5,090,943</u>		<u>2,836,892</u>
<b>Cost of sales</b>				
Opening stock of finished goods	254,738		186,464	
	<u>254,738</u>		<u>186,464</u>	
<i>Purchases and other direct costs</i>				
Finished goods purchases	3,752,865		2,079,510	
Direct costs	40,315		12,163	
Carriage inwards and import duty	141,219		16,810	
	<u>3,934,399</u>		<u>2,108,483</u>	
Total purchases and other direct costs	3,934,399		2,108,483	
	<u>3,934,399</u>		<u>2,108,483</u>	
Closing stock of finished goods	156,949		254,738	
	<u>156,949</u>		<u>254,738</u>	
Total cost of sales		(4,032,188)		(2,040,209)
		<u>(4,032,188)</u>		<u>(2,040,209)</u>
<b>Gross profit</b>	20.80%	1,058,755	28.08%	796,683
<b>Other operating income</b>				
Sundry income		18,024		-

**YELLOW OCTOPUS-UK LIMITED****DETAILED PROFIT AND LOSS ACCOUNT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2024**

	2024	2024	2023	2023
	£	£	£	£
<b>Administrative expenses</b>				
Wages and salaries	225,116		61,200	
Social security costs	16,003		1,302	
Staff recruitment costs	63,961		11,982	
Staff training	24,241		23,073	
Staff pension costs defined contribution	4,227		306	
Rent and rates	102,090		38,553	
Contingent rent payable on operating leases	2,556		4,365	
Cleaning	1,919		332	
Power, light and heat	10,659		3,242	
Repairs and maintenance	4,056		2,982	
Computer and digitisation costs	1,074		359	
Hire of equipment (not operating lease)	3,974		2,340	
Motor running expenses	9,965		3,196	
Travelling expenses	39,559		55,801	
Postage, courier and delivery charges	182		14,505	
Professional subscriptions	1,750		4,420	
Legal and professional fees	2,900		1,744	
Consultancy fees	136,183		93,079	
Accountancy	19,880		29,655	
Audit fees	12,286		12,950	
Charitable donations	92		-	
Bank charges	3,459		3,184	
Insurances	14,334		1,038	
Printing and stationery	818		348	
Advertising	61,814		78,157	
Telecommunications	(6,630)		3,880	
Entertaining	1,946		-	
Sundry expenses	6,319		3,281	
Depreciation	8,338		3,164	
Exchange differences arising on trading transactions	4,833		(15,221)	
		(777,904)		(443,217)
<b>Operating profit</b>		298,875		353,466
<b>Interest payable and similar expenses</b>				
Interest payable - not financial liabilities		(56,135)		(24,976)
<b>Profit before taxation</b>	4.77%	242,740	11.58%	328,490

**Company registration number 09301498 (England and Wales)**

**YELLOW OCTOPUS-UK LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2024**

**PAGES FOR FILING WITH REGISTRAR**

# YELLOW OCTOPUS-UK LIMITED

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# YELLOW OCTOPUS-UK LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2024

		2024	2023
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	7	60,190	66,575
Investments	8	252,020	-
		<u>312,210</u>	<u>66,575</u>
<b>Current assets</b>			
Stocks		156,949	254,738
Debtors	9	649,263	447,249
Cash at bank and in hand		181,737	299,910
		<u>987,949</u>	<u>1,001,897</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,264,159)</u>	<u>(1,182,774)</u>
<b>Net current liabilities</b>		<u>(276,210)</u>	<u>(180,877)</u>
<b>Total assets less current liabilities</b>		36,000	(114,302)
<b>Creditors: amounts falling due after more than one year</b>	11	(38,889)	(72,222)
<b>Provisions for liabilities</b>	13	(13,135)	(14,548)
<b>Net liabilities</b>		<u>(16,024)</u>	<u>(201,072)</u>
<b>Capital and reserves</b>			
Called up share capital		10,000	10,000
Profit and loss reserves		(26,024)	(211,072)
<b>Total equity</b>		<u>(16,024)</u>	<u>(201,072)</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**YELLOW OCTOPUS-UK LIMITED**

**BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2024**

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The financial statements were approved by the board of directors and authorised for issue on 13/05/2024 and are signed on its behalf by:

*Jack Ostrowski*

.....  
Mr Jacek Roman Ostrowski

**Director**

Company registration number 09301498 (England and Wales)

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

##### Company information

Yellow Octopus-UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1, Teal Industrial Park, Cyan Close, Nottingham, Nottinghamshire, NG14 5JX.

##### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the time of approving the financial statements, the directors have carefully considered the trading outlook for the coming year and expected cashflows and have a reasonable expectation that the company has access to adequate resources to continue in operational existence for the foreseeable future. In addition, group companies have agreed not to seek repayment of amounts owed until the company is able to pay its debts as they fall due. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

##### 1.4 Intangible fixed assets other than goodwill

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Website	3 years straight line
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##### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years straight line
Plant and equipment	10 years straight line
Fixtures and fittings	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

---

#### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### *Classification of financial liabilities*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### 1 Accounting policies

(Continued)

##### *Basic financial liabilities*

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.12 Taxation

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

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 1 Accounting policies

(Continued)

##### 1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

##### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### 3 Auditor's remuneration

	2024	2023
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	12,286	12,950
	<u>          </u>	<u>          </u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2024 Number	2023 Number
Total	11	5

The directors acting during the period are remunerated by other group companies. There are no identifiable qualifying services for this company in 2024.

#### 5 Taxation

	2024 £	2023 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	59,105	33,636
Adjustments in respect of prior periods	-	3,018
Total current tax	59,105	36,654
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,413)	14,083
Total tax charge	57,692	50,737

#### 6 Intangible fixed assets

	Website £
<b>Cost</b>	
At 1 April 2023 and 31 March 2024	144,621
<b>Amortisation and impairment</b>	
At 1 April 2023 and 31 March 2024	144,621
<b>Carrying amount</b>	
At 31 March 2024	-
At 31 March 2023	-

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 7 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 1 April 2023	17,006	52,733	69,739
Additions	-	1,954	1,954
At 31 March 2024	17,006	54,687	71,693
<b>Depreciation and impairment</b>			
At 1 April 2023	567	2,597	3,164
Depreciation charged in the year	1,701	6,638	8,339
At 31 March 2024	2,268	9,235	11,503
<b>Carrying amount</b>			
At 31 March 2024	14,738	45,452	60,190
At 31 March 2023	16,439	50,136	66,575

#### 8 Fixed asset investments

	2024 £	2023 £
Shares in group undertakings and participating interests	252,020	-

#### Movements in fixed asset investments

	Shares in associates £
<b>Cost or valuation</b>	
At 1 April 2023	-
Additions	252,020
At 31 March 2024	252,020
<b>Carrying amount</b>	
At 31 March 2024	252,020
At 31 March 2023	-

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 9 Debtors

	2024	2023
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	11,802	86,840
Amounts owed by group undertakings	62,626	113,646
Other debtors	110,334	81,763
	<u>184,762</u>	<u>282,249</u>
<b>Amounts falling due after more than one year:</b>		
Other debtors	<u>464,501</u>	<u>165,000</u>
<b>Total debtors</b>	<u>649,263</u>	<u>447,249</u>

#### 10 Creditors: amounts falling due within one year

	2024	2023
	£	£
Bank loans	33,333	33,333
Other borrowings	625,597	382,374
Trade creditors	228,237	62,894
Corporation tax	66,642	41,536
Other taxation and social security	56,975	42,809
Other creditors	163,330	-
Accruals and deferred income	90,045	619,828
	<u>1,264,159</u>	<u>1,182,774</u>

A fixed and floating charge exist over the assets of the company.

#### 11 Creditors: amounts falling due after more than one year

	Notes	2024	2023
		£	£
Bank loans and overdrafts	12	<u>38,889</u>	<u>72,222</u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 12 Loans and overdrafts

	2024 £	2023 £
Bank loans	72,222	105,555
Loans from group undertakings and related parties	625,597	382,374
	<u>697,819</u>	<u>487,929</u>
Payable within one year	658,930	415,707
Payable after one year	<u>38,889</u>	<u>72,222</u>

The bank loan is unsecured and has an interest rate of 7%.

#### 13 Provisions for liabilities

	2024 £	2023 £
Deferred tax liabilities	<u>13,135</u>	<u>14,548</u>

#### 14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2024 £	Liabilities 2023 £
<b>Balances:</b>		
Accelerated Capital Allowances	<u>13,135</u>	<u>14,548</u>
<b>Movements in the year:</b>		<b>2024 £</b>
Liability at 1 April 2023		14,548
Credit to profit or loss		(1,413)
Liability at 31 March 2024		<u>13,135</u>

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

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### 15 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

Senior Statutory Auditor:	Vinodkumar Vadgama
Statutory Auditor:	UHY Hacker Young

### 16 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2024	2023
£	£
262,148	336,640
=====	=====

# YELLOW OCTOPUS-UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

#### 17 Related party transactions

##### Other information

	Rent/commission and other income		Purchases/commission and other expenses		Amounts owed from/(to) related party	
	2024	2023	2024	2023	2024	2023
	£	£	£	£	£	£
Yellow Octopus EU S.A.	793,915	833,439	-	-	(533,577)	(406,839)
Yellow Octopus Ventures FZC	-	-	-	-	37,918	88,938
Loop Digital Wardrobe Ltd	-	-	-	-	(464,501)	165,000
M J Capital FZC	-	-	-	-	20,366	20,366
Citium Asset Management Ltd	-	-	120,000	80,000	-	-
Priscilla Investments (M'tius) Ltd	-	-	-	2,175	-	-
Multinational Textile Group Ltd	-	-	-	14,995	-	-
PG Capital FZE	-	-	-	-	4,342	4,342
Upcycle Labs Ltd	21,313	-	12,267	-	-	45,717

The above companies are related as follows:

Yellow Octopus-UK Limited is a joint venture between MMM Ventures SP. Z.o.o. Sp. K, Poland and PDS Multinational FZCO, Dubai (a subsidiary entity of PDS Limited, India) who share equal control of the company.

Upcycle Labs Limited, United Kingdom is owned by Yellow Octopus-Uk Limited and PDS Ventures Limited, Hong Kong.

Yellow Octopus EU S.A., Poland and Yellow Octopus Ventures FZC, Ajman are also joint ventures between MMM Ventures SP. Z.o.o. Sp. K and PDS Multinational FZCO.

M J Capital FZC, Ajman and MMM Ventures SP. Z.o.o. Sp. K, Poland are owned equally by J R Ostrowski and M Ostrowska.

Citium Asset Management Limited Cyprus is owned by J R Ostrowski.

Loop Digital Wardrobe Limited United Kingdom is owned by J R Ostrowski and PDS Ventures Limited, Hong Kong.

Priscilla Investments (M'tius) Limited, Mauritius formerly owned 50% of Yellow Octopus-UK Limited. Multinational Textile Group Limited, Mauritius, PG Capital FZE, Dubai, PDS Ventures Limited, Hong Kong and Upcycle Labs Limited, United Kingdom are all subsidiaries of PDS Limited, India.

## **YELLOW OCTOPUS-UK LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2024**

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#### **18 Parent company**

Mmm Ventures Spolka Z Organiczona Odpowiedzialnoscia Spolka Komandytowa, a company based in Poland and PDS Multinational Fzco, a company based in UAE share equal control of the company.

UHY Hacker Young LLP  
Quadrant House  
4 Thomas More Square  
London E1W 1YW

Dear Sirs,

**Yellow Octopus-UK Ltd**

**Representations in respect of the financial statements for the year ended 31<sup>st</sup> March 2024**

We acknowledge as directors, and confirm that we have fulfilled, our responsibility for the preparation of financial statements for the year ended 31<sup>st</sup> March 2024 that show a true and fair view and are in accordance with United Kingdom generally accepted accounting practice and the Companies Act 2006.

We also acknowledge as director our responsibility for the design and implementation of internal control to prevent and detect both error and fraud.

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial statements for the year ended 31<sup>st</sup> March 2024.

**1. Completeness of audit information.**

We have provided you with:

- Access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Specifically, we confirm that

- All accounting records have been made available to you for the purpose of your audit.
- All other records and related information, including minutes of all shareholders' in the year 1<sup>st</sup> April 2023 to date have been made available to you.

**Yellow Octopus UK Limited**

Unit 1, Teal Industrial Park, CyanClose, Nottingham, NG14 5JX

VAT Number 200610383

2. **Completeness of accounting records and financial statements**

All the transactions undertaken by the company have been properly reflected and recorded in the accounting records, and in the financial statements.

3. **Significant assumptions, judgments and intentions**

In preparing the financial statements the board has made the following significant assumptions relating to amounts included in or disclosed in the financial statements:

- The trade debtors are fully recoverable.
- The loan to Loop Digital Ltd of £464,500, MJ Capital Limited of £20,366 and Yellow Octopus Ventures Limited of £37,918 are all fully recoverable and no provision is required. We understand that any non-recovery will be borne by the ultimate parent company.
- The investment in subsidiary, Upcycle Labs Limited is not considered impaired. This is based on our assessment of discounted net revenue.

4. **Unadjusted errors in the financial statements**

We consider that the errors identified by you are immaterial individually and in aggregate and accordingly that no adjustment to the financial statements is required.

5. **Compliance with fundamental statutory or regulatory obligations**

We have disclosed to you all those events of which we are aware which involve possible non-compliance with these obligations, together with the actual or contingent consequences which may arise therefrom.

6. **Significant agreements**

We have disclosed to you all the agreements and commitments (and any related side letters) that the company has entered into that could have a material impact on the amounts or disclosures included in the financial statements or are relevant to an assessment of whether the company remains a going concern.

We are not aware of any instances of non-compliance with our contractual obligations which could have a material effect on the financial statements.

**Yellow Octopus UK Limited**

Unit 1, Teal Industrial Park, CyanClose, Nottingham, NG14 5JX

VAT Number 200610383

## 7. Going Concern

In our opinion the company will have sufficient resources to meet its liabilities as they fall due for the reasonably foreseeable future and is therefore a going concern. In addition, we confirm that group companies who are owed monies will not seek repayment until such time as the company is able to repay. In forming this conclusion, we have expressly considered the period of at least 12 months from the date of approval of the financial statements. In addition, we are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the company's ability to continue as a going concern.

No special disclosure is required to provide shareholders with a proper appreciation of the facts and assumptions on which this opinion is based.

## 8. Contingent liabilities (including litigation or claims against the company) and events arising subsequent to the balance sheet date

All material contingencies (including all known, actual or potential litigation or claims against the company) that are more likely than not to result in a loss to the company have been provided for in the financial statements.

Except for matters for which there is only a remote possibility of occurrence, the company is not affected by any such contingency which existed at the balance sheet date and which could possibly result in material loss to the company.

There have been no events since the balance sheet date which necessitate revision of the figures included in the financial statements or inclusion of a note thereto. Should any such events occur, we will advise you accordingly.

## 9. Transactions with and interests of the directors

We acknowledge that the company's financial statements are required by the Companies Act 2006 and the applicable accounting standard to include specified disclosure of the nature, extent and amount of its transactions that are with, or for the benefit of, any of its directors (or, in certain circumstances, members of their families and trusts, partnerships and other companies in which they have an interest).

We have identified and discussed with you all the transactions of the company with its directors and their connected persons. Consequent upon these procedures, we are able to make the following representations.

The company has at no time during the year granted any advances or credits to, nor entered into any guarantees of any kind on behalf of, its directors or persons connected with them.

**Yellow Octopus UK Limited**

Unit 1, Teal Industrial Park, CyanClose, Nottingham, NG14 5JX

VAT Number 200610383

The company has had at no time during the year entered into any other transactions with its directors or persons connected with them except as disclosed in the financial statements.

## 10. Related parties other than the directors

We acknowledge that, subject to certain specific exemptions, the company's financial statements are required to disclose comprehensive details of transactions and relationships with its "related parties" in order to give a true and fair view. Accordingly we confirm that:

- a) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware; and
- b) We have properly accounted for and disclosed all such relationships and transactions in the financial statements.

In making that confirmation we acknowledge:

- a) the following broad definition of related parties, being: those individuals, companies and other entities connected or linked with the company or its directors in such a way as to make feasible the negotiation of mutual contracts on a non-arm's length basis; and
- b) the formal definitions of "related parties" given in the applicable accounting standard.

## 11. Risks, occurrences and allegations of fraud

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Our assessment was conveyed to you on your behalf by Rahul.

We are not aware of any fraud (or suspected fraud) affecting the company involving:

- the directors; or
- senior management and other employees that have significant roles in internal control; or
- others where the fraud (or suspected fraud) could have a material effect on the financial statements.

We are not aware of any allegations of fraud (or suspected fraud) affecting the company's financial statements communicated by employees, former employees, regulators or others.

## 12. Fixed Assets

All fixed assets are properly insured and there has been no impairment to the value at which they are reflected in the accounts.

**Yellow Octopus UK Limited**

Unit 1, Teal Industrial Park, CyanClose, Nottingham, NG14 5JX

VAT Number 200610383

13. Stock

We confirm that the stock is £156,949 at the year-end is based on physical quantities and is valued at the lower of costs and NRV and excludes items that are unlikely to be sold.

14. Liabilities

All known liabilities including those to the directors, shareholders and related parties are fully reflected in these financial statements.

Yours faithfully,

*Jack Ostrowski*

**Jacek Roman Ostrowski – Director**

For and on behalf of Yellow Octopus-UK Limited

13/05/2024

**Yellow Octopus UK Limited**

Unit 1, Teal Industrial Park, CyanClose, Nottingham, NG14 5JX

VAT Number 200610383

Number	Code	Client code	Name	Journal type	WP Ref.	Profit and loss account		Balance sheet		Profit rec.
						Dr.	Cr.	Dr.	Cr.	
			<b>Profit per financial accounts</b>							<b>193,308.18</b>
9	8382		Loans from fellow group undertakings Being adj of YO EU Loan Interest - Unadj	Adjusting journal				4,373.69		
9	4520		Interest payable - not financial liabilities Being adj of YO EU Loan Interest - Unadj Error in fact	Adjusting journal			-4,373.69			4,373.69
			<b>Profit if above adjustments were made</b>							<b>197,681.87</b>
			<b>Profit adjustment not made</b>							
			<b>Percentage of profit</b>							
			<b>Performance materiality (Calculated £62,175)</b>							
			<b>Performance materiality (Calculated £62,175)</b>							
			<b>Level below which considered trivial</b>							

**YELLOW OCTOPUS-UK LIMITED**  
**("the Company")**

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS** by telephone on 13/05/2024

Present: Mr Jacek Ostrowski - Chairman  
Mr Deepak Burman  
Mr Bhavesh Shah

**1. CHAIRMAN**

Mr Jacek Ostrowski was appointed as Chairman of the meeting and declared that a quorum was present.

**2. NOTICE OF THE MEETING**

Notice of the meeting was taken as read.

**3. DIRECTORS' REPORT AND ACCOUNTS**

3.1 The Directors' Report and audited Accounts for the period ended 31 March 2024 were laid before the Meeting.

3.2 IT WAS RESOLVED THAT the Directors' Report and Accounts be approved and that the Directors' Report and the Balance Sheet be signed by any one director.

**4. AUDITORS**

In accordance with Section 487(2) of the Companies Act 2006, the Company's auditors, UHY Hacker Young LLP, will be deemed re-appointed for the financial year commencing 1 April 2024 at the conclusion of the next period for appointing auditors, no notice having been deposited under Section 488 of the Companies Act 2006.

**5. ANY OTHER BUSINESS**

There being no further business the Chairman declared the Meeting closed.

*Jack Ostrowski*

.....  
Chairman



## Envelope Data

Subject:	Yellow Octopus-UK Limited		
Documents:	Unadjusting errors.PDF, Yellow Octopus UK Ltd - ABR.pdf, Yellow Octopus UK Ltd - FS.pdf, Yellow Octopus UK Ltd - LOR.pdf, Yellow Octopus UK Ltd - Minutes.pdf		
Document Hash:	39138598		
Envelope ID:	ENV43638914-2121-FCAA-9397-EBDC		
Sender:	Muhammad Haider		
Sent:	05/13/2024 12:30 PM UTC		
Status:	Completed		
Status Date:	05/13/2024 12:51 PM UTC	Access Authentication:	None
		Email Access Code:	Unchecked
		Email Verification:	Not enabled

## Recipients / Roles

Name / Role	Email	Type
Muhammad Haider	m.haider@uhy-uk.com	Sender
Jack Ostrowski	jack@yellow-octopus.com	Signer
Vinod Vadgama	v.vadgama@uhy-uk.com	Signer
Rahul Khettry	rahul.khettry@pdsLtd.com	Cc
Ewelina Iganacak	accounts@yellow-octopus.com	Cc

## Document Events

Name / Roles	Email	IP Address	Date	Event
Muhammad Haider	m.haider@uhy-uk.com	185.47.105.164	05/13/2024 12:30 PM UTC	Created
Jack Ostrowski	jack@yellow-octopus.com	89.171.44.34	05/13/2024 12:42 PM UTC	Signed
Vinod Vadgama	v.vadgama@uhy-uk.com	185.47.105.164	05/13/2024 12:51 PM UTC	Signed
			05/13/2024 12:51 PM UTC	Status - Completed

## Carbon Copy Events

Name / Roles	Email	Sent
Rahul Khettry	rahul.khettry@pdsLtd.com	05/13/2024 12:51 PM UTC
Ewelina Iganacak	accounts@yellow-octopus.com	05/13/2024 12:51 PM UTC

## Signer Signatures

Signer Name / Roles	Signature	Initials
Jack Ostrowski		

Vinod Vadgama

*Vinod Vadgama*