

**ZODIAC CLOTHING COMPANY
(U. A. E.) LLC**

Financial Statements

31 March 2020

Registered Office:

P.O. Box 50545
Dubai, U.A.E.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Financial Statements

31 March 2020

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ZODIAC CLOTHING COMPANY (U.A.E.) LLC
Director's Report

Your directors hereby submit their report and accounts for the year ended 31 March 2020.

Results and dividend

The loss for the year amounted to AED 43,946/. The interim dividend of AED 3,378,700/- was declared and has been paid on 23 March 2020.

Review of the business

The company is registered for manufacturing of ready-made garments and trading in ready-made garments. During the year, the company was solely engaged in trading of ready-made garments.

The company has also invested in its 100% subsidiary, namely, Zodiac Clothing Bangladesh Limited, Bangladesh incorporated on 22nd November 2018.

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these financial statements. These developments could impact our future financial results, cash flows and financial condition.

Events since the end of the year

There were no important events, which have occurred since the year-end that materially affect the company.

Shareholders and their interests

The shareholders at 31 March 2020 and their interests as of that date in the share capital of the company were as follows:

<i>Name of shareholder</i>	<i>Nationality /Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>
Mrs. Muna Mahmood Mohd. Mahmood	U.A.E.	153	153,000
M/s. Zodiac Clothing Company S.A.	Switzerland	147	147,000
		<u>300</u>	<u>300,000</u>

Auditors

A resolution to re-appoint **KSI Shah and Associates** as auditors and fix their remuneration will be put to the members at the annual general meeting.

Mr. Mohamed Anees Noorani
 Director



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Independent Auditors' Report to the Shareholders/Directors' of ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** (the "Company"), which comprises of the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 31 March 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the director's report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

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

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

**Independent Auditors' Report to the Shareholders/Directors' of
ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Report on the Audit of the Financial Statements (contd.)****Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.

**Independent Auditors' Report to the Shareholders/Directors' of
ZODIAC CLOTHING COMPANY (U.A.E.) LLC****Report on the Audit of the Financial Statements (contd.)**

- 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

Further as required by the UAE Federal Law No (2) of 2015, we report that:

- i) we have obtained all the information necessary for the purpose of our audit;
- ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No (2) of 2015, and the articles of association of the company;
- iii) the company has maintained proper books of account;
- iv) the financial information in the Director's Report is consistent with the books of account of the company;
- v) the company has not made any investments in shares and stocks during the year ended 31 March 2020;
- vi) note 20 reflects material related party transactions and terms under which they were conducted;
- vii) based on the information made available to us, nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2020 any of the applicable provisions of the UAE Federal Law No (2) of 2015 or of its activities which would materially affect its activities or its financial position as at 31 March 2020.

For KSI Shah & Associates
Dubai, U.A.E.
Signed by:
Sonal P. Shah (Registration No. 123)

9 June 2020



ZODIAC CLOTHING COMPANY (U.A.E.) LLC

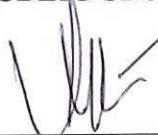
Statement of Financial Position

At 31 March 2020

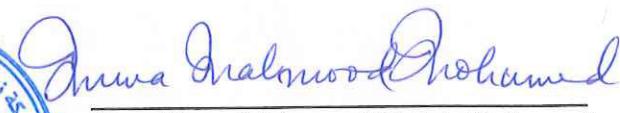
	Notes	2020 AED	2019 AED
ASSETS			
Non-current assets			
Property, plant and equipment	7	1,132,280	1,107,663
Investment in a subsidiary	8, 20	922,261	45,268
		<u>2,054,541</u>	<u>1,152,931</u>
Current assets			
Inventories	9	3,848	256,735
Trade and other receivables	10	3,754,187	12,218,750
Derivatives financial assets	11	120,613	-
Prepayments		31,067	42,682
Due from the related parties	20	6,592,922	5,529,600
Cash and bank balances	12	4,648,641	3,962,645
		<u>15,151,278</u>	<u>22,010,412</u>
TOTAL ASSETS		<u>17,205,819</u>	<u>23,163,343</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	300,000	300,000
Statutory reserve	14	150,000	150,000
Hedging reserve	11	120,613	-
Accumulated profits		<u>15,817,020</u>	<u>19,239,666</u>
Total equity funds		<u>16,387,633</u>	<u>19,689,666</u>
Non-current liabilities			
Staff end of service gratuity		25,287	19,831
Retention payable		-	26,018
		<u>25,287</u>	<u>45,849</u>
Current liabilities			
Trade and other payables	15	61,011	1,002,686
Bank borrowing	16	-	1,749,135
Due to the related parties	20	731,888	676,007
		<u>792,899</u>	<u>3,427,828</u>
TOTAL EQUITY AND LIABILITIES		<u>17,205,819</u>	<u>23,163,343</u>

*The accompanying notes 1 to 28 form an integral part of these financial statements.**The Independent Auditors' Report is set forth on pages 2 to 4.**Approved by the shareholders on 9th June 2020 and signed on their behalf by;*

For ZODIAC CLOTHING COMPANY (U.A.E.) LLC



Mr. Mohamed Anees Noorani
Director

Mrs. Muna Mahmood Mohd. Mahmoud
Director & Shareholder

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Comprehensive Income
for the year ended 31 March 2020

	<i>Notes</i>	2020 <i>AED</i>	2019 <i>AED</i>
Continuing operations:			
Sales	17	7,518,329	5,525,574
Cost of sales	18, 20	(7,283,295)	(5,394,019)
Gross profit		235,034	131,555
Realised foreign currency exchange (loss)/gain		(275,032)	14,032
Other income		644,711	627,208
Expenses	19, 20	(607,771)	(737,285)
(Loss)/profit from the operations		(3,058)	35,510
Finance costs	20, 21	(40,888)	(21,930)
(Loss)/profit for the year from continuing operations		(43,946)	13,580
Discontinued operations:			
(Loss) for the year from discontinued operations	23	—	(8,958)
(Loss)/profit for the year		(43,946)	4,622
Other comprehensive income			
Unrealised gain on foreign currency contracts	11	120,613	—
Total comprehensive income for the year		76,667	4,622

The accompanying notes 1 to 28 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Changes in Equity
for the year ended 31 March 2020

	<i>Share capital AED</i>	<i>Statutory reserve AED</i>	<i>Hedging reserve AED</i>	<i>Accumulated profits AED</i>	<i>Total AED</i>
As at 31 March 2018	300,000	150,000		- 22,723,919	23,173,919
Dividend paid during the year	-	-		- (3,488,875)	(3,488,875)
Profit for the year	-	-		<u>4,622</u>	<u>4,622</u>
As at 31 March 2019	300,000	150,000		- 19,239,666	19,689,666
Dividend paid during the year	-	-		- (3,378,700)	(3,378,700)
Transfer from other comprehensive income	-	-	120,613	-	120,613
(Loss) for the year	-	-		<u>(43,946)</u>	<u>(43,946)</u>
As at 31 March 2020	<u>300,000</u>	<u>150,000</u>	<u>120,613</u>	<u>15,817,020</u>	<u>16,387,633</u>

The accompanying notes 1 to 28 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Statement of Cash Flows
for the year ended 31 March 2020

	Notes	2020 AED	2019 AED
Cash flows from operating activities			
(Loss)/profit for the year		(43,946)	4,622
Adjustment for:			
Depreciation		158,146	158,250
Profit on sale of fixed assets		-	(1,710)
Finance costs		40,888	21,930
Provision for staff end of service gratuity		5,456	4,137
Operating profit before working capital changes		160,544	187,229
Changes in inventories		252,887	522,785
Changes in trade and other receivables and prepayments		8,476,178	3,769,517
Changes in due from/due to related parties (net)		(1,007,441)	(252,131)
Changes in trade and other payables		(941,675)	431,526
Cash flow generated from operations		6,940,493	4,658,926
Finance cost paid		(40,888)	(21,930)
Net cash from operating activities		6,899,605	4,636,996
Cash flows from investing activities			
Payments made for investment in a subsidiary		(876,993)	(45,268)
Purchase of property, plant and equipment		-	(209,030)
Proceeds from sale of equipment		-	1,710
Payments for capital work in progress		(182,763)	(98,458)
Changes in retention payable		(26,018)	-
Changes in margin and fixed deposit accounts		2,669,750	(3,657,500)
Net cash from/(used in) investing activities		1,583,976	(4,008,546)
Cash flows from financing activities			
Dividend paid to the shareholder		(3,378,700)	(3,488,875)
Proceeds from bank borrowings		(1,749,135)	1,749,135
Net cash (used in) financing activities		(5,127,835)	(1,739,740)
Net changes in cash and cash equivalents		3,355,746	(1,111,290)
Cash and cash equivalents at beginning of the year		179,145	1,290,435
Cash and cash equivalents at end of the year	22	3,534,891	179,145

The accompanying notes 1 to 28 form an integral part of these financial statements.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC
 (Incorporated in the Emirate of Dubai)

Notes to the Financial Statements
for the year ended 31 March 2020

1. Legal status and business activity

- a) **ZODIAC CLOTHING COMPANY (U.A.E.) LLC** ("The Company") is a limited liability company registered on 20 November 1996 under industrial license no. 301266 in the Emirate of Dubai in accordance with the provisions of the U.A.E. Commercial Companies Law No. 2 of 2015.
- b) The company is registered for manufacturing of ready-made garments and trading in ready-made garments. During the year, the company was solely engaged in trading of ready-made garments.

The company also has invested in its 100% subsidiary, namely, Zodiac Clothing Bangladesh Limited, Bangladesh incorporated on 22nd November 2018.

- c) The shareholders of the company are Mrs. Muna Mahmood Mohd. Mahmoud (U.A.E. National) (51%) and M/s. Zodiac Clothing Company S.A. (Switzerland) (49%).

2. Basis of preparation

- a) These financial statements do not include the financial statements of its subsidiary companies. The consolidated financial statements for the group are prepared by the ultimate holding company Zodiac Clothing Company Limited, India.

b) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 January 2019 and the applicable requirements of the Company Commercial Law number 2 of 2015.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and financial liabilities which are being measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

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

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

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Basis of measurement (contd.)

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

d) Functional and presentation currency

These financial statements are presented in U.A.E. Dirhams, which is the company's functional and presentation currency.

3. Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS 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.

Judgments made in applying accounting policies

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

As a result of the COVID-19 and the resulting disruptions to the social and economic activities, the Company continues to assess regularly the impact of COVID-19 on its business, in particular the reduction of sales, the erosion in value of its inventories and collectability of receivables. The management considered several foreseeable areas of operational risk and implemented various measures to ensure the continuity of the operations and the ability of the organization to cope with the lock-down situation. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these financial statements.

Revenue from contracts with customers

- Timing for transfer of control of goods

In case of performance obligation satisfied at point in time, the control of goods is transferred, when physical delivery of the goods to the agreed location has occurred, as a result, the company has a present right to payment and retains none of the significant risks and rewards of the goods.

- Financing components

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 from the due date. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Impairment

At each reporting date, management conducts an assessment of all property, plant and equipment to determine whether there are any indications that they 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.

Key sources of estimation uncertainty and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty and assumptions at the reporting sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Residual values of property, plant and equipment

Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Estimated useful life of property, plant and equipment

Management determines the estimated useful lives and depreciation charge for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

Inventory provision

Management regularly undertakes a review of the company's inventory, in order to assess the likely realization proceeds, taking in account purchase and replacement prices, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Provision for expected credit losses of trade receivables

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The management uses judgement in making these assumptions and selecting the inputs to the impairment calculations based on the past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of non-financial assets

Assessments of net recoverable amounts of property, plant and equipment, and investment in a subsidiary are based on assumptions regarding future cash flows expected to be received from the related assets.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Fair value measurements and valuation processes

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation. The directors ensure that the appropriate valuation techniques are employed to measure fair value and these are regularly reviewed to understand the cause of fluctuations in the fair value of the assets and liabilities.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 25.

Revenue from contracts with customers

i. Determining the transaction price

The Company's revenue is from sale of goods is derived from fixed price contracts with customers and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. Based on the historical performance of the company, it is highly probable that there will not be reversal of previously recognized revenue on account of the return of goods or volume rebates.

ii. Allocating the transaction prices

There is a fixed unit price for each item sold to the customer. Therefore, there is no judgment involved in allocating the contract price to each unit ordered in contracts with customers. Where a customer orders more than one item, the Company is able to determine the split of the total contract price between each item by reference to each product's standalone selling prices (all product lines are capable of being, and are, sold separately).

iii. Provision of rights to return goods, volume rebates and other similar obligations

The Company reviews its estimate of expected returns at each reporting date on basis of the historical data for the returns, rebates and other similar obligations and updates the amounts of the asset and liability accordingly.

Staff end-of-service gratuity

The company computes the provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

4. Adoption of new and revised International Financial Reporting Standards

a) New and revised International Financial Reporting Standards

The following International Financial Reporting Standards, amendments thereto and interpretations issued by IASB that became effective for the current reporting period and which are applicable to the company are as follows:

- IFRS 16 - Leases
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation.
- Amendment to IAS 19- Employee Benefits Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 -Investment in Associates and Joint Ventures: Relating to long term interests in Associates and Joint Ventures.
- IFRIC 23-Uncertainty over Income Tax Treatments
- Annual improvements to IFRSs 2015-2017 Cycle -Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes, IAS 23 Borrowing costs.

During the current year, the management has adopted the above standards and amendments to the extent applicable to them from the financial reporting period commencing on or after 1 January 2019.

The significant impacts of IFRS 16 and other amendments as listed above on the amounts reported and their presentation are disclosed wherever applicable.

b) International Financial Reporting Standards issued but not effective

IFRS17 -Insurance Contracts- The effective date of the standard is set for annual periods beginning on or after 1 January 2021 (likely to be extended to 1 January 2022).

Amendments to IAS 1 and IAS 8-Definition of Material- The effective date of the amendment is set for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 3-Definition of a Business- The effective date of the amendment is set for annual periods beginning on or after 1 January 2020.

Revised Conceptual Framework for Financial Reporting- The effective date of the revised framework is set for annual periods beginning on or after 1 January 2020.

The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

5. Significant Changes in the current reporting period

IFRS 16 Leases:

The Company has adopted IFRS 16 Leases issued in January 2016 with the date of initial application of 1 January 2019. IFRS 16 introduces significant changes to lessee accounting. It removes the distinction between operating and finance leases under IAS 17 and requires a lease to recognize a right-of-use asset and a lease liability at lease commencement for all leases, except for short term leases and leases of low value assets.

The Company has assessed that the impact of IFRS 16 is not material on the financial statements of the company as at the adoption date and the reporting date since the company pays annual lease.

6. Significant accounting policies

a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated by equal annual installments over their estimated useful lives as under:

Factory building	10 years
Plant and machinery	8 years
Furniture and office equipment	10 years
Vehicles	5 years

Depreciation on additions is calculated on a pro-rata basis from the month of additions and on deletion up to the month of deletion of the asset.

Capital work in progress is stated at cost less accumulated impairment, if any and is transferred to respective items of property and equipment as and when available for intended use. No depreciation is charged on capital work-in-progress.

b) Investment in a subsidiary

Subsidiary is an entity (investee) which is controlled by another entity (the Parent or the Investor). The control is based on whether –

- a) The Investor has power over the investee
- b) It is exposed to rights of variable returns and
- c) It has the ability to use its power to affect the amount of the returns.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus costs directly attributable to the acquisition. The excess of cost of acquisition over the fair value of the net assets of the subsidiary acquired is recorded as goodwill.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Investment in a subsidiary (contd.)

Investment in a subsidiary is stated at cost less provision for impairment if any.

Income from investment in subsidiaries is accounted only to the extent of receipt of distribution of accumulated net profits of subsidiary. Distributions received in excess of such profits are considered as a recovery of investments and are recorded as a reduction of the cost of investments.

c) Financial instruments

Recognition and Initial measurement

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable in relation to financial assets and financial liabilities, other than those carried at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as follows:

Financial assets at amortised cost (debt instruments)

Financial assets that are held within a business model whose objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest are subsequently measured at amortised cost less impairments, if any. Interest income calculated using effective interest rate (EIR) method and impairment loss, if any are recognised in the statement of profit and loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, due from the related parties, other current assets and cash and cash equivalents. Due to the short term nature of these financial assets; their carrying amounts are considered to be the same as their fair values.

Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)

Financial assets that are held within a business model whose objective is achieved by both holding the asset in order to collect contractual cash flows that are solely payments of principal and interest and by selling the financial assets, are subsequently measured at fair value through other comprehensive income. Changes in fair value are recognized in the other comprehensive income (OCI) and on derecognition, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest income calculated using EIR method and impairment loss, if any are recognised in the statement of profit and loss.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently measured at fair value through profit or loss. Changes in fair value and income on these assets are recognised in the statement of profit and loss. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Classification and subsequent measurement of financial liabilities

For the purpose of subsequent measurement, financial liabilities are classified as follows:

- Amortised cost - Financial liabilities are classified as financial liabilities at amortised cost by default. Interest expense calculated using EIR method is recognised in the statement of profit and loss.
- Fair values through profit or loss (FVTPL) - Financial liabilities are classified as FVTPL if it is held for trading, or is designated as such on initial recognition. Changes in fair value and interest expense on these liabilities are recognised in the statement of profit and loss.

The company's financial liabilities include trade and other payables and due to the related parties. The carrying amounts of financial liabilities are considered as to be the same as their fair values, due to their short term nature.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Derecognition of financial assets and financial liabilities

Financial assets are de-recognised when, and only when,

- The contractual rights to receive cash flows expire 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.

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 derecognition 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 or loss.

Offsetting of financial instruments

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

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Expected credit losses are recognised in two stages.

- For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months.
- 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.

For trade receivables, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Derivative financial instruments including hedge accounting

Recognition and Measurement

Derivative Financial Instruments

The company uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. A derivative with a positive fair value is recognized as current financial assets and a derivative with a negative fair value is recognized as current financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- 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 the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge 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.

The company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements *for the year ended 31 March 2020*

d) Inventories

Ready-made garments are valued at the lower of cost and net realisable value.

Cost comprise of invoice value plus attributable direct expenses.

Net realisable value is based on estimated selling price less any estimated cost to completion and disposals.

e) Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount.

Where the carrying amount of an asset or cash generating units exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the Statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the Statement of comprehensive income.

f) Provision

Provisions are recognized when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the reporting period, using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

g) Staff end of service benefits

Provision is made for end-of-service gratuity payable to the staff, subject to the completion of a minimum service period, at the reporting date in accordance with the local labour laws.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

h) Value Added Tax

The revenue, expenses and assets are recognized net of value-added tax (VAT). In case Input VAT paid to the supplier of asset or expense is not recoverable from the Federal Tax Authority, it is disclosed as part of asset acquired or expense incurred.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from or VAT payable to, Federal Tax Authority is disclosed as other payable or other receivable under current liabilities or current assets in the statement of financial position.

i) Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases of staff accommodation (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). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

j) Revenue recognition

Sales of goods

The company is in the business of trading of readymade garments.

Revenue from sale of goods is recognized at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customers and have been accepted by the customers at their premises and there is no unfulfilled obligation that could affect customer's acceptance of the goods. Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer or the company has objective evidence that all criteria for acceptance have been satisfied.

The amount of revenue is shown as net of discounts, returns, other similar obligations and VAT as per the performance obligations determined as per the provisions of the contracts with customers.

Interest income

Interest income is presented as financial income where it is earned from financial asset that are held for cash management purposes.

k) Borrowing costs

Finance expense comprises interest expense on bank borrowings and shareholder's loan is recognised in statement of Comprehensive Income.

l) Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the approximate rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the reporting date. Resulting gain or loss is taken to the statement of comprehensive income.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

m) Cash and cash equivalents

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank balances in current accounts, deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

n) Dividend

Dividend is paid out of accumulated profits, when declared.

7. Property, plant and equipment

	<i>Capital work in progress^a AED</i>	<i>Factory building^b AED</i>	<i>Plant and Machinery AED</i>	<i>Furniture and office equipment AED</i>	<i>Vehicles AED</i>	<i>Total AED</i>
Cost						
As at 01.04.2019	423,941	4,383,688	494,811	668,122	182,500	6,153,062
Additions	180,815	-	-	1,948	-	182,763
Transfer	(604,756)	604,756	-	-	-	-
As at 31.03.2020	—	4,988,444	494,811	670,070	182,500	6,335,825
Depreciation						
As at 01.04.2019	-	3,902,420	494,811	465,668	182,500	5,045,399
Charge for the year	—	111,275	-	46,871	-	158,146
As at 31.03.2020	—	4,013,695	494,811	512,539	182,500	5,203,545
Net book value						
As at 31.03.2020	—	974,749	—	157,531	—	1,132,280
As at 31.03.2019	423,941	481,268	—	202,454	—	1,107,663

^a Represented amounts paid for factory building renovation of proposed additional office area to the existing ground floor and on completion was transferred to factory building (refer note 27).

^b Factory building is constructed on leasehold land in name of U.A.E. national shareholder.

In the opinion of management, there was no impairment in respect of any of the property, plant and equipment items. Hence, the fair values of the property, plant and equipment at reporting date are the same as their net book values.

8. Investment in a subsidiary

Zodiac Clothing Bangladesh Limited, Bangladesh (100 % shareholding) 536,648 45,268

122,051 shares of BDT 100/- each (converted @ 22.74)^a

(Previous year 10,000 shares of BDT 100/- each (converted @ 22.09))

Share application money^b 385,613
922,261 45,268

^a Out of the total above shares, Mrs. Muna Mahmood Mohd. Mahmood holds 1 share in Zodiac Clothing Bangladesh Limited, Bangladesh in trust for and on behalf of the company.

^b Represents amount paid for subscription of additional shares for which share allotment is pending.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements
for the year ended 31 March 2020

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
9. Inventories		
Trading inventories	3,848	97,341
Goods in transit	-	159,394
	<u>3,848</u>	<u>256,735</u>

10. Trade and other receivables

Trade receivables	741,876	1,587,811
Advance to suppliers	-	80,343
Deposits	224,164	196,969
Staff advance	-	5,000
Other receivables ^a	<u>2,788,147</u>	<u>10,348,627</u>
	<u>3,754,187</u>	<u>12,218,750</u>

^a Includes AED 2,742,962/- (previous year AED 10,278,665/-) receivable on account of sale of subsidiary, Zodiac Properties Limited, U.A.E., to be received on or before 31 March 2018 is now further extended to 31 March 2021, as agreed between the parties.

11. Derivatives financial assets

Represents favourable fair values, of open derivative contracts (GBP/USD), on mark to market basis as of the reporting date with notional contract values of US \$ 464,032/- (equivalent to GBP 400,000/-) (previous year Nil).

	<i>2020</i> <i>AED</i>	<i>2019</i> <i>AED</i>
12. Cash and bank balances		
Cash on hand	5,274	1,132
Bank balance in:		
Current accounts	3,529,617	178,013
Fixed deposit accounts (refer note 16)	1,101,750	3,672,500
Margin accounts (refer note 26)	<u>12,000</u>	<u>111,000</u>
	<u>4,648,641</u>	<u>3,962,645</u>

13. Share capital

300 shares of AED 1,000 each	<u>300,000</u>	<u>300,000</u>
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14. Statutory reserve

Statutory reserve is created by allocating 10% of the net profit of the company as required by Article 103 of the UAE Commercial Companies Law No. 2 of 2015 concerning Commercial Companies in the UAE. The company discontinued such annual transfers as this reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements
for the year ended 31 March 2020

	2020 AED	2019 AED
15. Trade and other payables		
Trade payables (<i>refer note 20</i>)	36,016	973,940
Advance from customer	422	3,497
Provision for leave salaries and air passage	7,472	12,420
Other payable	-	872
Accruals	<u>17,101</u>	<u>11,957</u>
	<u>61,011</u>	<u>1,002,686</u>
16. Bank borrowing		
Bank overdraft ^a	<u>—</u>	<u>1,749,135</u>
<i>^a Bank overdraft was secured against fixed deposits (<i>refer note 12</i>).</i>		
17. Sales		
Trading of shirts	7,506,015	5,525,574
Trading of fabrics	<u>12,314</u>	<u>—</u>
	<u>7,518,329</u>	<u>5,525,574</u>
18. Cost of sales		
Opening inventories	256,735	734,504
Purchase of trading shirts and fabrics (<i>refer note 20</i>)	6,936,935	4,827,156
Other direct expenses	93,473	89,094
Closing inventories	<u>(3,848)</u>	<u>(256,735)</u>
	<u>7,283,295</u>	<u>5,394,019</u>
19. Expenses		
Salaries and other benefits	126,515	124,587
Selling and distribution expenses	122,847	161,573
Other administrative expenses (<i>refer note 20</i>)	200,263	292,875
Depreciation	<u>158,146</u>	<u>158,250</u>
	<u>607,771</u>	<u>737,285</u>
20. Related party transactions		

For the purpose of these financial statements, parties are considered to be related to the company, if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making party financial and operating decisions, or vice versa, or where the company and the party are subject to common control and includes where the company has significant influence but not control, and generally does not have any controlling shareholding on the entity whose accounts are presented. Related party may be individuals or other entities.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Related party transactions (contd.)

The relationship of related parties is as under –

a) Major shareholders

1. Zodiac Clothing Company Limited, India
2. Zodiac Clothing Company SA, Switzerland
3. Mrs. Muna Mahmood Mohd. Mahmoud, Shareholder

b) Subsidiary

1. Zodiac Clothing Bangladesh Limited, Bangladesh (*effective 22nd November 2018*)

c) Companies under common management control

1. Zodiac Metropolitan Clothing Company GMBH, Germany
2. Zodiac Metropolitan Clothing Company GMBH, UK
3. Onward LLC, U.A.E.
4. Zodiac (UAE) Ajman LLC, U.A.E.

The nature of significant related party transactions and the amounts involved are as under:

	<i>Major shareholders</i>	<i>Subsidiary</i>	<i>Companies under common management control</i>	<i>Total 2020</i>	<i>Total 2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Purchase of trading shirts (<i>refer note 18</i>)	6,929,672	-	-	6,929,672	4,827,156
Under other administrative expenses (<i>refer note 19</i>)					
Management fees	75,287	-	-	75,287	74,322
Others	2,157	-	2,036	4,193	-
Finance cost (<i>refer note 21</i>)	40,399	-	-	40,399	21,455

At the reporting date balances with related parties were as follows:

	<i>Major shareholders</i>	<i>Subsidiary</i>	<i>Companies under common management control</i>	<i>Total 2020</i>	<i>Total 2019</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
Included under non-current assets:					
Investment in a subsidiary (<i>refer note 8</i>)	-	922,261	-	922,261	45,268

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements
for the year ended 31 March 2020

	Major shareholders AED	Subsidiary AED	Companies under common management control AED	Total 2020 AED	Total 2019 AED
Included under current assets:					
Due from the related parties	152,316	9,100	6,431,506	6,592,922	5,529,600

		2020 AED	2019 AED
Included under current liabilities:			
Trade payables (refer note 15)	-	-	920,650
Due to the related parties	720,898	10,990	731,888
			676,007

21. Finance costs

To a bank	489	475
To shareholder (refer note 20)	40,399	21,455
	<u>40,888</u>	<u>21,930</u>

22. Cash and cash equivalents

Cash on hand	5,274	1,132
Bank balances in:		
Current accounts	3,529,617	178,013
	<u>3,534,891</u>	<u>179,145</u>

23. (Loss) for the year from discontinued operations [#]

Sales	-	36,058
Cost of sales	-	(45,016)
(Loss) for the year from discontinued operations	<u>-</u>	<u>(8,958)</u>

Cash flows from discontinued operations		
Net cash from operating activities	-	36,058
Net cash flow from investing activities	-	-
Net cash flow from financing activities	-	-
Net cash from discontinued operations	<u>-</u>	<u>36,058</u>

[#] Due to loss incurred in the manufacturing activities, the company discontinued its manufacturing operations during the year 2016-2017. Accordingly, results of manufacturing operations are reported as discontinued operations.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

24. Financial instrument risks

The company has exposure to the following risks from use of its financial instruments:

- a) Credit risk
- b) Market risk
- c) Liquidity risk

a) Credit risk

Financial assets, which potentially expose the company to concentrations of credit risk, comprise principally of bank balances, trade and other receivables and due from the related parties.

The Company's management has been closely monitoring the possible impact of COVID-19 including the default risk of the industry and the country in which the customer operates to ensure the adequacy of allowance for expected credit loss towards trade and other receivables.

Trade and other receivables

As at 31 March 2020, the company's exposure on account of significant concentration of credit risk from trade receivables (*other than related parties*) situated within U.A.E amounted to AED 741,876/- due from a customer (*previous year AED 1,533,400/- due from a customer*).

There is no significant concentration of credit risk from trade receivables situated outside U.A.E. and outside the industry in which the company operates.

Bank balances

The company's bank balances in current, margin and fixed deposits accounts are placed with high credit quality financial institutions.

b) 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, such as interest rate risk, exchange rate risk or other price risk, which will affect the company's income or the value of its holding of financial instruments.

Financial instruments affected by market risk include financial assets in the form of loans and receivables only. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Payable to shareholder and bank overdraft is at fixed rate of interest.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

Exchange rate risk

Except for the following amounts there are no significant exchange rate risks as substantially all financial assets and financial liabilities are determined in U.A.E. Dirhams or US Dollars to which the Dirham is fixed:

		2020 Equivalent AED	2019 Equivalent AED
Foreign currency financial assets in:			
Great Britain Pounds		3,035,441	-
Foreign currency financial liabilities in:			
Swiss Francs		720,898	657,405

The following table illustrates the sensitivity of profit for a reasonable change in foreign exchange rates, with all other variables held constant at 31 March 2020 and 2019.

Particulars	2020		2019	
	Balance AED	Change in currency rate in %	Effect on income statement AED	Balance AED
Foreign currency assets				
GBP				
currency	3,035,441	+/- 6%	+/- 182,126	-
Foreign currency liabilities				
Swiss				
Francs	720,898	+/- 1%	+/- 7,209	657,405
currency				+/-2% +/- 13,148

A change in currency rates are considered for the exchange rate have been determined based on the average market volatility in exchange rates in the year 2019-20 and 2018-19 over period of 12 months.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the shareholders and the management who ensure that sufficient funds are made available to the company to meet any future commitments.

Global stress in the markets brought by the COVID-19 crisis is being felt globally through lack of liquidity in foreign funding markets. In this environment, the Company has already taken measures to manage its liquidity carefully until the crisis is over. The company's credit and treasury department/management has been closely monitoring the cash flows and forecasts on a weekly basis to maintain a reasonably healthy balance sheet during this time and beyond.

ZODIAC CLOTHING COMPANY (U.A.E.) LLC

Notes to the Financial Statements for the year ended 31 March 2020

25. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of trade and other receivables, due from the related parties, and bank balances and financial liabilities, comprising of trade and other payables and due to the related parties approximate their carrying values.

The following table analyses the company's financial instruments, measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

As on 31 March 2020	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
- Investment in a subsidiary	—	—	922,261	922,261
Total	—	—	922,261	922,261
As on 31 March 2019	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
- Investment in a subsidiary	—	—	45,268	45,268
Total	—	—	45,268	45,268
			2020	2019
			<i>AED</i>	<i>AED</i>

26. Contingent liability

Banker's letters of guarantees (*refer note 12*) **12,000** **111,000**

27. Capital commitment

Improvements to factory building (*refer note 7*) **—** **317,322**

28. Comparative figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform to the presentation adopted in the current year.

To the
Price Waterhouse Chartered Accountants LLP
Mumbai

**Re : YEARLY REVIEW OF THE FINANCIAL RESULTS OF
ZODIAC CLOTHING COMPANY SA.**

1. We have audited the accompanying Financial Statements (Special Purpose Financial Information) of Zodiac Clothing Company, SA, (the Company) a sub-subsidiary of Zodiac Clothing Company Limited, India for the year ended on 31st March, 2020 for the purpose of the group financial statements of Zodiac Clothing Company Limited as on that date, expressed in Swiss Franc (CHF) as of March 31, 2020 and for the year then ended. This special purpose financial information has been prepared solely to enable Zodiac Clothing Company Limited, an ultimate holding Company to prepare consolidated financial statements and not to report on the Company as a separate entity. This special purpose financial information is the responsibility of the Company's Management. Our responsibility is to express an opinion on this special purpose financial information based on our audit.

Management's Responsibility for the Special Purpose Financial Information

2. The Company's Management is responsible for the preparation and presentation of this special purpose financial information in accordance with policies and instruction contained in group's disclosed accounting policies. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the special purpose financial information that is 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. This special purpose financial information has been prepared solely to enable Zodiac Clothing Company Limited to prepare its consolidated financial statements.

Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's Financial Statements as at 31st March, 2020 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies and also those adopted by the Ultimate Holding Company. The Management is also responsible for ensuring that the Company complies with the requirements of the Regulations and for providing all the relevant information to pursuant to the Regulations.

Mayur Chokshi

Auditors' Responsibility

3. Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the special purpose financial information 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the special purpose financial information.
5. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose financial statement of the component alone. Accordingly, the scope of our audit was restricted to considering possible misstatements in the context of the overall materiality level of the Net Profit / Loss before tax.
6. As directed by you through your instructions, we were not required to audit. The scope of our review was restricted to considering possible misstatements in the context of the overall materiality level of the Ultimate Holding Company.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusion

8. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Financial Information has not been prepared, in all material respects, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act,2013 and other recognised accounting practices and policies.



Other Matter

9. We draw attention to the fact that we were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the year ended on 31st March, 2020 and accordingly, we do not express any conclusion on the results in the Financial Information as of the said date. These figures have been furnished by the Management.

Our conclusion is not qualified in respect of these matters.

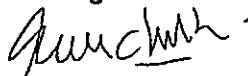
Restriction of use

10. This report is intended solely for the use of Price Waterhouse Chartered Accountants LLP group Auditors in connection with the audit of the consolidated financial statements of Zodiac Clothing Company Limited and should not be used by any other person or for any other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For **MAYUR CHOKSHI & CO**

Chartered Accountants

Firm Reg. No. 106116W



(MAYUR CHOKSHI)

Proprietor

Memb No 033936

Mumbai : July 29, 2020

UDIN : **20033936AAAAAL4368**

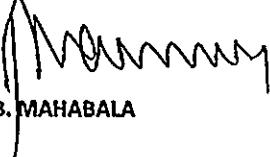
Zodiac Clothing Company SA

Balance Sheet

	Particulars	Note No.	As at 31st Mar, 2020 in CHF	As at 31st Mar, 2019 in CHF
I	ASSETS			
1	Non-current assets			
	Investments in Subsidiaries, Associates and Joint Venture	1	98,039	98,039
	Financial Assets			
	- Loans	2	1,89,063	1,78,202
2	Current assets			
	Financial Assets			
	- Cash and Cash Equivalents	3	8,95,110	9,81,050
	Other Current Assets	4	34	34
	TOTAL ASSETS		11,82,246	12,57,325
II	EQUITY AND LIABILITIES			
1	Equity			
	Equity Share Capital	5	2,50,000	2,50,000
	Other Equity	6	9,19,388	9,92,967
2	Liabilities			
	Current Liabilities			
	Financial Liabilities			
	- Trade Payables	7	8,000	9,500
	- Other Financial Liabilities	8	4,858	4,858
	TOTAL EQUITY AND LIABILITIES		11,82,246	12,57,325

The accompanying notes are an integral part of these standalone financial statements

For and on behalf of Board of Directors


B. MAHABALA

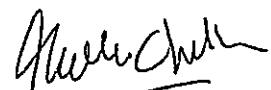
Mumbai : July 28, 2020

As per our Report of even date.

MAYUR CHOKSHI & CO.

Chartered Accountants

Firm Reg. No. 106116W



MAYUR CHOKSHI

Proprietor

Memb No : 033936

Mumbai : July 28, 2020

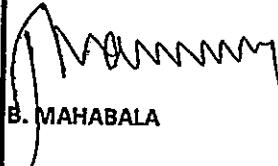
Zodiac Clothing Company SA

Statement of Profit and Loss

		Note No.	Year ended 31st Mar, 2020 in CHF	Year ended 31st Mar, 2019 in CHF
I	CONTINUING OPERATIONS			
	INCOME			
	Other Income	9	9,36,863	9,73,212
			Total Income:	9,36,863
				9,73,212
II	EXPENSES			
	Other Expenses	10	81,299	33,871
			Total Expenses:	81,299
				33,871
III	Profit / (loss) before exceptional items and tax		8,55,564	9,39,341
IV	Exceptional Item			
V	Profit / (Loss) Before Tax		8,55,564	9,39,341
VI	Tax Expense			
	Current Tax		1,143	3,421
VII	Profit/(Loss) for the Year from Continuing Operations		8,54,421	9,35,920
VIII	Other Comprehensive Income			
IX	Total Comprehensive Income for the Year		8,54,421	9,35,920

The accompanying notes are an integral part of these standalone financial statements

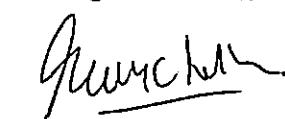
For and on behalf of Board of Directors



B. MAHABALA

As per our Report of even date.

MAYUR CHOKSHI & CO.
Chartered Accountants
Firm Reg. No. 106116W



MAYUR CHOKSHI
Proprietor
Memb No : 033936
Mumbai : July 28, 2020

Mumbai : July 28, 2020

Zodiac Clothing Company SA
Notes to the standalone financial statements

	As at 31st March 2020 In CHF	As at 31st March 2019 In CHF
1 Investments in Subsidiaries, Associates and Joint Venture		
<u>Investment in Subsidiaries</u>		
Unquoted		
Equity Instruments, at cost		
1,713,750 Equity Shares of Rs.5/- each, fully paid up, of Zodiac Clothing UAE LLC	98,039	98,039
Total	98,039	98,039
Aggregate amount of unquoted investments before impairment	98,039	98,039
Aggregate amount of impairment in the value of investment	98,039	98,039
2 Non- Current Loans		
(Unsecured, considered good)		
Loans to related parties		
- Zodiac Clothing Co (UAE) LLC	1,89,063	1,78,202
Total	1,89,063	1,78,202
3 Cash and Cash Equivalents		
Balances with Banks - In Current Accounts	8,95,110	9,81,050
Total	8,95,110	9,81,050
4 Other Current Assets		
Prepaid Expenses	34	34
Total	34	34
5 Equity Share Capital		
<u>Authorised</u>		
Issued, Subscribed, and Fully paid up	2,50,000	2,50,000
Total	2,50,000	2,50,000

Zodiac Clothing Company SA
Notes to the standalone financial statements

6 Other Equity

	As at 31st March 2020 In CHF	As at 31st March 2019 In CHF
GENERAL RESERVES	50,000	50,000
RETAINED EARNINGS		
Opening Balance	9,42,967	9,47,047
Profit for the year	8,54,421	9,35,920
Other Comprehensive Income for the year		
Total Comprehensive Income for the year		
Dividends	(9,28,000)	(9,40,000)
Closing Balance	8,69,388	9,42,967
TOTAL OTHER EQUITY	9,19,388	9,92,967

7 Trade Payables

Trade payables	8,000	9,500
Total	8,000	9,500

8 Other Current Financial Liabilities

Other payables	4,858	4,858
Total	4,858	4,858

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Zodiac Clothing Company SA
Notes to the standalone financial statements

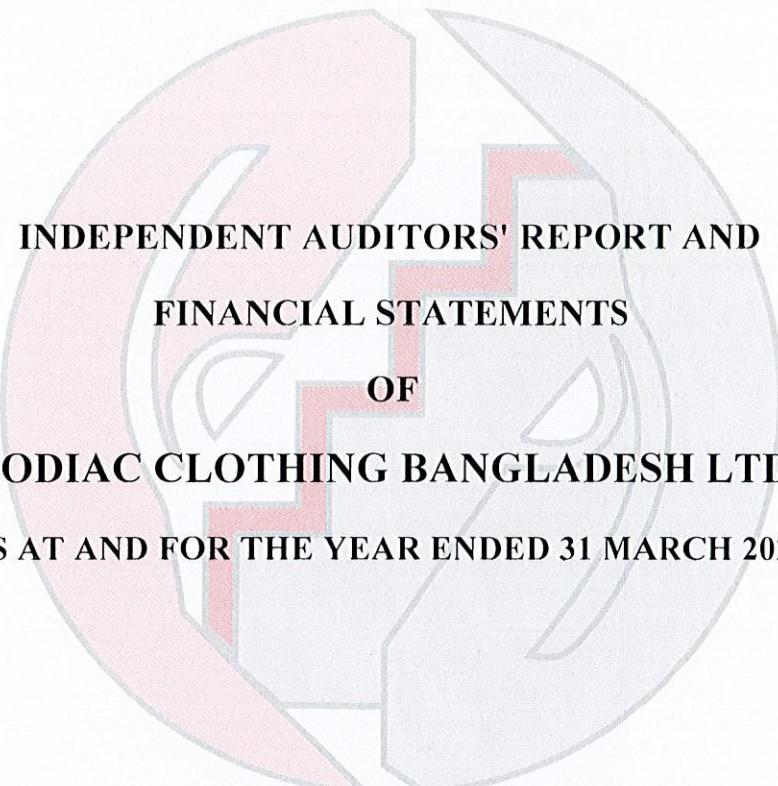
9 Other Income

	Year Ended 31st March, 2020 In CHF	Year Ended 31st March, 2019 In CHF
Interest Income	10,856	5,776
Dividend Income	9,06,007	9,47,436
Management Fees	20,000	20,000
Total	9,36,863	9,73,212

10 Other Expenses

Insurance	510	-
Legal and Professional Expenses	14,111	14,141
Payments to Auditors	1,168	6,319
Director Fees	12,100	10,895
Exchange Fluctuation - Others	51,651	1,920
Bank Charges	415	597
Miscellaneous Expenses	1,344	
Total	81,299	33,871





**INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
OF
ZODIAC CLOTHING BANGLADESH LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2020**



AHMED MASHUQUE & CO., Chartered Accountants

Navana Obaid Eternia
28-29 Kakrail (Level #13-14)
VIP Road, Dhaka-1000, Bangladesh
Tel : +880-2-58316931-39, Fax : +880-2-58316929
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
A Member Firm of **Crowe Global**



**Independent Auditors' Report
to the shareholders of
Zodiac Clothing Bangladesh Ltd.**

Navana Obaid Eternia
28-29 Kakrail (Level # 13-14)
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Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Zodiac Clothing Bangladesh Ltd., which comprise the Statements of financial position as at 31 March 2020 and the statement of profit and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2020 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 regulation.

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 to 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 ethical requirement 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 these financial statements in accordance with International Financial Reporting Standards (IFRSs), the Company's 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. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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.

Auditors' 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 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.
- 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. 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act, 1994 we also report that:

- 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 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 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, 13 JUL 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants


Md. H...

Zodiac Clothing Bangladesh Ltd.
Statement of financial position
As at 31 March 2020

	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31-Mar-20</u>	<u>31-Mar-19</u>
<u>ASSETS</u>			
Current assets		20,534,185	675,934
Advance, deposit & prepayments	4.00	20,040,000	-
Cash and cash equivalents	5.00	494,185	675,934
Total assets		20,534,185	675,934
<u>EQUITY AND LIABILITIES</u>			
Share holders equity		20,052,476	369,586
Share capital	6.00	12,205,100	1,000,000
Share money deposit		8,813,100	-
Retained earnings		(965,724)	(630,414)
Current liabilities		481,709	306,348
Liability for expenses	7.00	481,709	306,348
Total shareholders equity and liabilities		20,534,185	675,934

These financial statements should be read in conjunction with the annexed notes.

Chairman

Director

Signed in terms of our report of even date annexed.

Dated, 13 JUL 2020
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Md. H.

Zodiac Clothing Bangladesh Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

<u>Particulars</u>	<u>Amount in Taka</u>		
	01-Apr-19	22-Nov-18	
	to 31-Mar-20	to 31-Mar-19	
Revenue	-	-	-
Less: Expenses	335,310	630,414	
Office rent	103,500	40,000	
License and registration	4,990	83,454	
Legal and professional fees	155,250	442,175	
Audit fees	57,500	57,500	
Bank charges	14,070	7,285	
Net profit/(loss) before tax	(335,310)	(630,414)	
Income tax expenses	-	-	
Net profit/(loss) after tax	(335,310)	(630,414)	

These financial statements should be read in conjunction with the annexed notes.

Chairman

Director

Signed in terms of our report of even date annexed.

Dated, 13 JUL 2020
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

md. H.

Zodiac Clothing Bangladesh Ltd.
Statement of changes in equity
For the year ended 31 March 2020

Particulars	Share capital	Share money deposit	Retained earnings	<u>Amount in Taka</u>
As at 22 November 2018	-	-	-	-
Addition during the period	1,000,000	-	(630,414)	369,586
As at 31 March 2019	<u>1,000,000</u>	<u>-</u>	<u>(630,414)</u>	<u>369,586</u>
As at 01 April 2019	<u>1,000,000</u>	<u>-</u>	<u>(630,414)</u>	<u>369,586</u>
Addition during the year	11,205,100	8,813,100	(335,310)	19,682,890
As at 31 March 2020	<u>12,205,100</u>	<u>8,813,100</u>	<u>(965,724)</u>	<u>20,052,476</u>

These financial statements should be read in conjunction with the annexed notes.

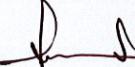
Chairman

Director

Signed in terms of our report of even date annexed.

Dated, 13 JUL 2020
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants


Md. Hu

Zodiac Clothing Bangladesh Ltd.
Statement of cash flows
For the year ended 31 March 2020

Particulars	Amount in Taka	
	01-Apr-19 to 31-Mar-20	22-Nov-18 to 31-Mar-19
A Cash flows from operating activities		
Cash receipts from customers	-	-
Cash paid for operating expenses	(20,199,949)	(324,066)
<i>Net cash from operating activities</i>	(20,199,949)	(324,066)
B Cash flows from investing activities		
Acquisition of property, plant and equipment	-	-
<i>Net cash used in investing activities</i>	-	-
C Cash flows from financing activities		
Share capital	11,205,100	1,000,000
Share money deposit	8,813,100	-
<i>Net cash flows from financing activities</i>	20,018,200	1,000,000
Net increase in cash and cash equivalents (A+B+C)	(181,749)	675,934
Add: Cash and cash equivalents at the beginning of the year	675,934	-
Cash and cash equivalents at the end of the year	494,185	675,934

These financial statements should be read in conjunction with the annexed notes.

Chairman

Director

Signed in terms of our report of even date annexed.

Dated, 13 JUL 2020
Dhaka.

**Ahmed Mashuque & Co.
Chartered Accountants**

md h.

Zodiac Clothing Bangladesh Ltd.

Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2020

1.00 Legal status and nature of the business

1.01 Legal status of the company

Zodiac Clothing Bangladesh Ltd. is a private limited company has been incorporated on 22 November 2018 in Bangladesh under the Companies Act, 1994 vide incorporation # C-148496/2018 with 100% foreign investment. The registered address of the company is located at Navana Obaid Eternia, 28-29, Kakrail, Level # 13, VIP Road, Dhaka, PO : 1000.

1.02 Nature of business

The main object of the company is to carry on the business of garments factory, import, export and supply of readymade garments and other commodities. The company has not started its operation.

2.00 Basis of preparation of these financial statements

The financial statement have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as well as the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the business accounting policies and reported amounts of assets, liabilities, income and expenses. The areas, involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

2.01 Components of financial statements

The Board of Directors is responsible for preparing the financial statements under section 183 of the Companies Act, 1994 and as per IAS-1 " Presentation of financial statements".

The financial statements comprise the following components:

- (i) Statement of financial position as at 31 March 2020;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2020;
- (iii) Statement of changes in equity for the year ended 31 March 2020;
- (iv) Statement of cash flows for the year ended 31 March 2020;
- (v) Notes, comprising significant accounting policies and other explanatory information as at and for the year ended 31 March 2020.

2.02 Basis of measurement

The financial statements have been prepared using the accrual basis. The company has adequate resources to continue its operation for the foreseeable future. For the reason all business operations have been reported in the financial statements on going concern basis.

2.03 Reporting currency and others

The figures in the financial statements represents Bangladeshi Taka, except where indicates otherwise. The amount has been rounded off to the nearest integer.

2.04 Transactions in foreign currencies

Transactions in foreign currencies are converted into Bangladeshi Taka at the exchange rate prevailing on the date of transaction as per International Accounting Standard (IAS-21).

2.05 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March of every year. These financial statements cover one year from 01 April 2019 to 31 March 2020.

2.06 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS 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.

2.07 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.00 Significant accounting policies

The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.01 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand and cash with banks.

3.02 Liabilities for expenses

The company recognizes a financial liability when its contractual obligations arising from past events are certain and the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

3.03 Income tax provision

Provision for income tax has been made in line with the Income Tax Ordinance, 1984.

	<u>Taka</u>	<u>Taka</u>
	<u>31-Mar-2020</u>	<u>31-Mar-2019</u>
4.00 Advance, deposit & prepayments		
Security deposit for factory	2,820,000	-
Advance for factory construction	16,920,000	-
Advance for commercial work	300,000	-
	<u>20,040,000</u>	<u>-</u>
5.00 Cash and cash equivalents		
Cash in hand	-	-
Cash at bank (United Commercial Bank limited)	494,185	675,934
	<u>494,185</u>	<u>675,934</u>
6.00 Share capital:		
Authorized share capital:	30,000,000	30,000,000
(300,000 Ordinary shares @ Tk.100 each)		
Issued, subscribed & paid up share capital	<u>12,205,100</u>	<u>1,000,000</u>
(10,000 Ordinary shares @ Tk.100 each)		
Detail of issued, subscribed, and paid up capital is as follows:		
Name of the shareholder		
Zodiac Clothing Company (U.A.E.) LLC	12,205,000	999,900
(122,050 Ordinary Shares of Tk. 100 each)		
Mr. Muna Mahmood Mohammed Mahmood Alawadhi	100	100
(1 Ordinary Shares of Tk. 100 each)		
	<u>12,205,100</u>	<u>1,000,000</u>
7.00 Liability for expenses		
Zodiac Clothing Company (U.A.E.) LLC	205,281	205,281
Office rent	47,000	2,000
License and registration	4,990	4,817
Legal and professional fees	121,688	3,875
Audit fees	45,000	45,000
Tax deducted at source	57,750	45,375
	<u>481,709</u>	<u>306,348</u>
8.00 General		

Figures in the financial statements represent Bangladeshi currency and have been rounded off to the nearest Taka.

9.00 Related party transactions

During the reporting year, the company entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24 "Related party disclosures."

Name of related party	Relationship	Nature of transactions	Transactions during the year	
			Debit	Credit
Zodiac Clothing Company (U.A.E.) LLC	Parent company	Equity Investment	-	20,018,200

