

**NORP KNIT INDUSTRIES LIMITED**

Vill:North Khaikur, P.O: National University, Gazipur.

**Report and Financial Statements  
For the year/period ended on 31 March, 2017**

### Independent Auditors' Report

We have audited the accompanying Financial Statements of **NORP KNIT INDUSTRIES LIMITED** which comprise of Statement of Financial Position as at March 31, 2017 and Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibilities for the Financial Statements:

Management is responsible for the preparation of these financial statements in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standards (BFRS) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standard on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

#### Opinion:

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards (BAS)/ Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994 and other applicable laws and regulations.

#### We also report that;

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- 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
- the company's statement of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of account.
- the expenditure incurred was for the purpose of the Company's business.

Dated, Dhaka.  
The 21ST May of 2017



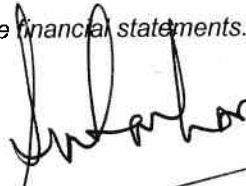
G. Biswas & Co.  
Chartered Accountants.

**NORP KNIT INDUSTRIES LIMITED**  
Vill: North Khaikur, P.O: National University, Gazipur.

**BALANCE SHEET**  
(Statement of Financial Position)  
AS AT 31ST MARCH, 2017

|                                       | NOTES | AMOUNT IN TAKA<br>As on<br>31ST March' 2017 | AMOUNT IN TAKA<br>As on<br>31st March' 2016 |
|---------------------------------------|-------|---|---|
| <b>Sources of Funds</b>               |       |   |   |
| <b>Shareholders' Equity</b>           |       |   |   |
| Share Capital                         | 4     | 338,123,100                                 | 338,123,100                                 |
| Retained Earnings                     |       | 612,806,074                                 | 455,993,436                                 |
|                                       |       | <b>950,929,174</b>                          | <b>794,116,536</b>                          |
| <b>Long Term Liabilities</b>          |       |   |   |
| Term Loan HSBC                        | 5     | 220,269,314                                 | 82,021,135                                  |
|                                       |       | <b>1,171,198,488</b>                        | <b>876,137,671</b>                          |
| <b>Application of Funds</b>           |       |   |   |
| <b>Non-Current Assets</b>             |       |   |   |
| <b>Property, Plant and Equipment</b>  |       |   |   |
| At Cost Less Accumulated Depreciation | 6     | 550,546,483                                 | 406,960,040                                 |
| <b>Current Assets</b>                 |       |   |   |
| Goods in Transit                      |       | 6,902,303                                   | 880,418                                     |
| Inventories                           | 7     | 805,450,657                                 | 739,287,163                                 |
| Trade Receivables                     | 8     | 144,996,818                                 | 375,627,522                                 |
| Inter-Company Receivables             | 9     | 483,600,731                                 | 461,149,948                                 |
| Advances, Deposits and Prepayments    | 10    | 343,849,157                                 | 271,512,403                                 |
| Cash And Bank Balances                | 11    | 410,233,562                                 | 480,461,442                                 |
|                                       |       | <b>2,195,033,228</b>                        | <b>2,328,918,896</b>                        |
| <b>Current Liabilities</b>            |       |   |   |
| Secured Loans From Bank               |       | 295,992,303                                 | 382,226,176                                 |
| Trade And Other Payables              | 12    | 1,076,645,024                               | 1,397,448,307                               |
| Inter-Company Payables                | 13    | 201,743,897                                 | 80,066,782                                  |
|                                       |       | <b>1,574,381,224</b>                        | <b>1,859,741,265</b>                        |
| <b>Net Current Assets</b>             |       | 620,652,004                                 | 469,177,631                                 |
| <b>Deferred Tax</b>                   |       | <b>1,171,198,488</b>                        | <b>876,137,671</b>                          |

The annexed notes 1 to 21 form an integral part of these financial statements.

  
Director

Managing Director

Signed as per our annexed report of even date.

Dated, Dhaka  
The 21ST May of 2017



  
G. Biswas & Co.  
Chartered Accountants

**NORP KNIT INDUSTRIES LIMITED**  
Vill:North Khaikur, P.O: National University, Gazipur.

**PROFIT AND LOSS ACCOUNT**  
(Statement of Profit or Loss and Other Comprehensive Income)  
**For the Year Ended on 31st March 2017**

|   | <u>NOTES</u> | AMOUNT IN TAKA<br>Year Ended<br>31ST March' 2017 | AMOUNT IN TAKA<br>Year Ended<br>31st March'2016 |
|---|--------------|--|---|
| Turnover  |              | 5,805,346,348                                    | 6,021,775,755                                   |
| Cost of Goods Sold                                | 14           | (4,929,949,399)                                  | (5,110,267,000)                                 |
| <b>Gross Profit/(Loss)</b>                        |              | <b>875,396,950</b>                               | <b>911,508,755</b>                              |
| Administrative, Selling and Distribution Expenses | 15           | (679,835,706)                                    | (741,810,151)                                   |
|   |              | <b>195,561,243</b>                               | <b>169,698,604</b>                              |
| <b>Other Operating Income:</b>                    |              |  |   |
| Other Income                                      | 16           | 404,634  | 316,305   |
| <b>Net Profit/(Loss) Before Tax</b>               |              | <b>195,965,877</b>                               | <b>170,014,909</b>                              |
| <b>Tax Expenses :</b>                             |              |  |   |
| Current Tax                                       |              | (39,153,240)                                     | (31,659,894)                                    |
|   |              | <b>(39,153,240)</b>                              | <b>(31,659,894)</b>                             |
| <b>Net Profit/(Loss) For The Year</b>             |              | <b>156,812,638</b>                               | <b>138,355,015</b>                              |

The annexed notes 1 to 21 form an integral part of these financial statements.

**Managing Director**

**Director**

Signed as per our annexed report of even date.

Dated, Dhaka  
The 21ST May of 2017



**G. Biswas & Co.**  
Chartered Accountants

**NORP KNIT INDUSTRIES LIMITED**  
Vill:North Khaikur, P.O: National University, Gazipur.

**CASH FLOW STATEMENT**

**For the Year Ended on 31st March' 2017**

|  | <b>Year Ended<br/>31st March 2017</b> | <b>Year Ended<br/>31st March 2016</b> |
|--|---------------------------------------|---------------------------------------|
| <b>Cash flow from operating activities</b>                     |                                       |                                       |
| Net Profit for the Period                                      | 156,812,638                           | 138,355,015                           |
| <b>Add: Adjustment of items not involving movement of cash</b> |                                       |                                       |
| Depreciation   | 78,387,372                            | 66,290,261                            |
| Interest   | 33,949,971                            | 50,412,009                            |
| Loss on Sale of Assets   | 8,547,874                             | -                                     |
|  | <u>120,885,217</u>                    | <u>116,702,270</u>                    |
| Operating Profit before changes in working capital             | <u>277,697,855</u>                    | <u>255,057,285</u>                    |
| <b>Adjustment for changes in working capital</b>               |                                       |                                       |
| Decrease / (Increase) in Inventories                           | (66,163,494)                          | (32,681,996)                          |
| Decrease / (Increase) in Goods in Transit                      | (6,021,885)                           | 4,950,817                             |
| Decrease / (Increase) in Trade receivables                     | 230,630,704                           | 23,190,001                            |
| Decrease / (Increase) in Inter-company receivables             | (22,450,783)                          | (192,618,440)                         |
| Decrease/(Increase) in advances, deposits and prepayments      | (72,336,754)                          | (10,104,127)                          |
| Increase / (Decrease) in Trade and Other Payables              | (320,803,283)                         | 68,868,228                            |
| Increase / (Decrease) in Inter-company payables                | 121,677,115                           | (56,640,253)                          |
|  | <u>(135,468,380)</u>                  | <u>(195,035,770)</u>                  |
| <b>Net cash flow from Operating Activities</b>                 | <u>142,229,475</u>                    | <u>60,021,515</u>                     |
| <b>Cash flow from investing activities:</b>                    |                                       |                                       |
| Purchase of fixed Assets                                       | (230,886,689)                         | (54,841,419)                          |
| Sale of Assets   | 365,000                               |                                       |
| <i>Net cash used in investing activities</i>                   | <u>(230,521,689)</u>                  | <u>(54,841,419)</u>                   |
| <b>Cash flow from financing activities:</b>                    |                                       |                                       |
| Long Term Loan   | 138,248,179                           | 10,663,581                            |
| Short Term Loan  | (86,233,873)                          | (2,770,155)                           |
| Interest   | (33,949,971)                          | (50,412,009)                          |
| <i>Net cash flow from financing activities</i>                 | <u>18,064,335</u>                     | <u>(42,518,582)</u>                   |
| <b>Increase / ( Decrease) in cash and cash equivalents</b>     | (70,227,880)                          | (37,338,485)                          |
| <b>Cash and Cash Equivalent at opening</b>                     | <u>480,461,442</u>                    | <u>517,799,927</u>                    |
| <b>Cash and Cash Equivalent at closing (Note 11)</b>           | <u>410,233,562</u>                    | <u>480,461,442</u>                    |

Dated, Dhaka  
The 21ST May of 2017



**G. Biswas & Co.**  
Chartered Accountants

**NORP KNIT INDUSTRIES LIMITED**  
Vill. North Khaikur, P.O. National University, Gazipur

**STATEMENT OF CHANGES IN EQUITY**  
**For the Year Ended on 31st March 2017**

**AMOUNT IN TAKA**

| <b>Particulars</b>                           | <b>Share Capital</b> | <b>Share Money Deposit</b> | <b>Retained Earnings</b> | <b>Total</b> |
|--|----------------------|----------------------------|--------------------------|--------------|
| Balance as on March 31, 2015                 | 338,123,100          | -                          | 317,638,421              | 655,761,521  |
| Net Profit for the Year Ended March 31, 2016 |                      |                            | 138,355,015              | 138,355,015  |
| Balance as on March 31, 2016                 | 338,123,100          | -                          | 455,993,436              | 794,116,536  |
| Net Profit for the Year Ended March 31, 2017 |                      |                            | 156,812,638              | 156,812,638  |
| Balance as on March 31, 2017                 | 338,123,100          | -                          | 612,806,074              | 950,929,174  |

Dated, Dhaka  
The 21ST May of 2017



G. Biswas & Co.  
Chartered Accountants

**NORP KNIT INDUSTRIES LIMITED**

Vill. North Khailkur, P.O. National University, Gazipur

**Notes to the Accounts for the Year Ended March, 2017**

**1. Legal status and nature of the Company:**

Norp Knit Industries Limited is a Private Company Limited by Shares incorporated on 05th day of May 2004 under the Companies Act, 1994 as adopted in Bangladesh. The shares of the Company are held by Pearl Global Industries Ltd., India (99.9994%), Mr. Deepak Kumar Seth (0.0003%) and Mr. Pulkit Seth (0.0003%). The Company is mainly engaged in producing ready made Garments for the purpose of exporting the same. The factory of the Company is located in Gazipur. The Company commenced commercial operation from 18th December, 2004.

**2. Statement of Compliance :**

**2.01 Basis of Preparation :**

The Financial Statement of Norp Knit Industries Limited have been prepared in accordance with the Bangladesh Accounting Standards as adopted by the Institute of Chartered Accountants of Bangladesh. Companies Act, 1994 and other applicable laws.

**2.02 Basis of Measurement :**

The Financial Statements have been prepared on going concern basis under historical cost convention, using the accrual basis of accounting.

**2.03 Functional and presentational currency :**

These Financial Statements are prepared in Bangladesh Taka ( Taka/TK), which is the Company's functional currency. All financial information presented in taka has been rounded off to the nearest integer.

**2.04 Going Concern :**

The Company has adequate resources to continue its operation for the foreseeable future. For this reason the directors continue to adopt going concern basis in preparing the accounts. The current resources of the company provide sufficient fund to meet the present requirements of its existing business.

**3. Significant Accounting Policies :**

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

**3.01 Foreign currency translation**

Foreign currencies are translated into Taka on a notional rate on the transaction dates. All monetary assets and liabilities are converted into taka at the exchange rate prevailing on the balance sheet date. Exchange gains or losses arising out of translation of assets and liabilities at the closing date are recognised in the income statement.

**3.02 Property, Plant and Equipment :**

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure directly attributable to the acquisition and installation of the Property, Plant and Equipment.

**3.03 Depreciation :**

Depreciation on fixed assets is charged on straight line method using different rates varying from 10% to 20% on cost of the assets. Depreciation is charged from the month following the month of acquisition/installation of the Property, Plant and Equipment.



#### 3.04 Inventories

Inventories include raw material, work-in-progress and finished goods. These are measured at the lower of cost and net realisable value in accordance with IAS 2. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

#### 3.05 Trade Receivable :

Trade Receivables at the Balance Sheet date are stated at amounts which are considered realisable.

#### 3.06 Trade Payable :

Liabilities are recognised for amounts to be paid in future for goods and services received.

#### 3.07 Provisions :

Provisions are made where an obligation exists for future liability in respect of past event and where the amount of the obligation can be reliably estimated.

#### 3.08 Impairment :

The carrying amounts of the assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the recoverable amount of the asset is estimated. Impairment losses, if any, are recognised in profit and loss account.

#### 3.09 Revenue recognition

Revenue from the sale of goods is recognised when:

- \* Significant risk and rewards of ownership is transferred to the buyer.
- \* The Company has no managerial involvement of the ownership of goods.
- \* The revenue and cost of the transaction can be measured reliably.
- \* It is probable that the economic benefits of the transaction will flow to the Company.

#### 3.10 Events after balance sheet date

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

#### 3.11 Deferred tax

The Company has adopted Deferred Tax Accounting Policy as per Bangladesh Accounting Standard. Accordingly, Deffered Tax Liability/ Asset is Accounted for all temporary timing differences arising between the Tax base of the assets and liabilities and their carrying values for financial Reporting process. In view of prevelant tax law Deferred Tax accounting is not considered necessary in view of the fact that for assessment under the provision of Section 53BB no temporary difference will arise between tax base of assets and liabilities and their carrying amounts in the financial statements.

#### 3.12 Employee benefits

The Company has not yet introduced any provident fund and pension scheme for the employees.





| As on<br>31st March 2017 | As on<br>31st March 2016 |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

#### 4. Share capital

|   |  |  |
|---|--|--|
| Authorized capital:<br>36,00,000 (2014: 11,00,000) ordinary shares of Tk. 100 each  | 360,000,000                              | 360,000,000                              |
| Issued, subscribed and paid up capital:<br>2,415,607 (2010: 493,781) ordinary shares of Tk. 100 each<br>33,81,231 (2014: 965,624) ordinary shares of Tk. 100 each | 241,560,700<br>96,562,400<br>338,123,100 | 241,560,700<br>96,562,400<br>338,123,100 |

The aforesaid capital was subscribed as under:

#### Subscribers:

Pearl Global Industries Ltd.  
Mr. Deepak Seth  
Mr. Pulkit Seth

| No. of shares | No. of shares |
|---------------|---------------|
| 3,381,211     | 3,381,211     |
| 10            | 10            |
| 10            | 10            |
| 3,381,231     | 3,381,231     |

#### 5. Loan from HSBC

This represents the amount received from the Hongkong and Shanghai Banking Corporation Limited for operations



06 Property, Plant and equipment As on March 31, 2017

| Particulars   | COST                  |                         |                         | DEPRECIATION          |                                     |                         | W.D. Value as on 31.03.2017 | W.D. Value as on 31.03.2016 |
|---|-----------------------|-------------------------|-------------------------|-----------------------|-------------------------------------|-------------------------|-----------------------------|-----------------------------|
|   | Cost as on 01.04.2016 | Addition for the period | Deletion for the period | Cost as on 31.03.2017 | Total depreciation as on 01.04.2016 | Addition for the period |                             |                             |
| <b>Unit 1</b>   |                       |                         |                         |                       |                                     |                         |                             |                             |
| Building & Civil Works                                | 20,85,434             | 3,850,225               |                         | 24,435,659            | 20,361,583                          | 721,733                 | 21,083,317                  | 223,851                     |
| Plant & Machinery                                     | 103,886,294           | 34,870,142              |                         | 138,756,436           | 96,220,389                          | 5,651,167               | 101,871,555                 | 7,665,906                   |
| Vehicles  | 5,673,607             |                         |                         | 5,673,607             | 4,898,317                           | 297,169                 | 5,195,485                   | 775,290                     |
| Furniture & Fixtures                                  | 11,637,862            | 5,223,573               |                         | 16,861,435            | 10,230,903                          | 1,537,576               | 11,768,479                  | 1,406,959                   |
| Office Equipments & Computers                         | 13,822,227            | 1,008,023               |                         | 14,830,250            | 8,931,348                           | 1,464,098               | 10,395,447                  | 4,890,879                   |
| Factory Equipments                                    | 668,830               |                         |                         | 668,830               | 19,608                              | 33,442                  | 53,050                      | 649,222                     |
| Telephone Installation & Connection                   | 641,052               | 269,080                 |                         | 910,132               | 635,630                             | 59,238                  | 694,868                     | 5,422                       |
| Air Conditioners                                      | 1,587,100             |                         |                         | 1,587,100             | 1,587,100                           | -                       | 1,587,100                   | -                           |
| Fire extinguisher                                     | 1,847,684             |                         |                         | 1,847,684             | 1,015,638                           | 269,157                 | 1,284,795                   | 832,046                     |
| <b>Unit 2</b>   |                       |                         |                         |                       |                                     |                         |                             |                             |
| Building & Civil Works                                | 32,125,096            | 14,489,832              |                         | 46,614,928            | 14,503,469                          | 4,210,807               | 18,714,277                  | 17,621,627                  |
| Plant & Machinery, Utility & Electrical Installations | 508,111,585           | 74,384,858              | 15,537,760              | 566,958,683           | 207,489,812                         | 54,265,049              | 255,129,976                 | 300,621,773                 |
| Vehicles  | 5,828,155             |                         |                         | 5,828,155             | 916,762                             | 582,468                 | 1,499,230                   | 4,911,393                   |
| Furniture & Fixtures                                  | 32,427,038            | 10,542,229              |                         | 42,969,267            | 15,086,725                          | 4,087,921               | 19,174,646                  | 17,340,313                  |
| Office Equipments & Computers                         | 25,051,024            | 7,763,069               |                         | 32,814,093            | 7,785,231                           | 3,858,963               | 11,644,194                  | 17,265,793                  |
| Factory Equipments                                    | 5,058,120             | 5,960,313               |                         | 11,018,433            | 1,455,144                           | 749,022                 | 2,204,166                   | 3,602,976                   |
| Telephone Installation & Connection                   | 1,362,018             |                         |                         | 1,362,018             | 696,657                             | 136,220                 | 832,876                     | 665,361                     |
| Fire Extinguisher                                     | 4,633,425             |                         |                         | 4,633,425             | 1,758,288                           | 463,343                 | 2,221,631                   | 2,875,137                   |
| <b>Total</b>  | <b>774,946,551</b>    | <b>158,361,343</b>      | <b>15,537,760</b>       | <b>917,770,134</b>    | <b>393,592,605</b>                  | <b>78,387,372</b>       | <b>465,355,091</b>          | <b>452,415,043</b>          |
| <b>Capital Work in Progress- Unit 1</b>               |                       |                         |                         |                       |                                     |                         |                             |                             |
| Civil Work  | 281,983               |                         | 281,983                 |                       |                                     |                         |                             | 281,983                     |
| Plant & Machinery                                     | 779,437               | 1,520,000               | 779,437                 | 1,520                 |                                     |                         | 1,520                       | 779,437                     |
| CWIP - Others   |                       | 421,890,000             |                         | 421,890               |                                     |                         | 421,890                     |                             |
| <b>Capital Work in Progress- Unit 2</b>               |                       |                         |                         |                       |                                     |                         |                             |                             |
| Plant & Machinery                                     | 13,436,783            | 93,808,221              | 13,436,783              | 93,808,221            |                                     |                         |                             | 13,436,783                  |
| Fire Equipment, Office Equipment & Other              | 11,107,891            | 3,899,808.56            | 11,107,891              | 3,899,809             |                                     |                         |                             | 3,899,809                   |
| <b>Total</b>  | <b>25,606,094</b>     | <b>98,131,439</b>       | <b>25,606,094</b>       | <b>98,131,440</b>     |                                     |                         |                             | <b>25,606,094</b>           |
| <b>Total Fixed Assets</b>                             | <b>800,552,645</b>    | <b>256,492,782</b>      | <b>41,143,854</b>       | <b>1,015,901,574</b>  | <b>393,592,605</b>                  | <b>78,387,372</b>       | <b>465,355,091</b>          | <b>550,546,483</b>          |

| 01 Apr 2016 | to | 01 Apr 2015   |
|-------------|----|---------------|
| 31 Mar 2017 | to | 31 March 2016 |
| Taka        |    | Taka          |
| 69,176,468  |    | 58,760,239    |
| 9,210,904   |    | 7,530,022     |
| 78,387,372  |    | 66,290,261    |



06 Allocation of depreciation  
6.01 Cost of goods sold  
6.02 Administrative, selling and distribution expenses

As on  
31st March' 2017

As on  
31st March' 2016  
**G. BISWAS & CO.**  
CHARTERED ACCOUNTANTS

**7. Inventories**

|                  |                    |                    |
|------------------|--------------------|--------------------|
| Raw Materials    | 520,397,748        | 447,558,834        |
| Work-In-Progress | 202,712,806        | 213,578,667        |
| Finished Goods   | 82,340,103         | 78,149,661         |
|                  | <b>805,450,657</b> | <b>739,287,163</b> |

**8. Trade Receivables**

|                            |                    |                    |
|----------------------------|--------------------|--------------------|
| Kappahl Sverige AB         | 13,242,014         | 31,021,706         |
| Celio International        | -                  | 21,606,159         |
| H.S Enterprise             | 871,191            | -                  |
| LI & FUNG ( India) Pvt Ltd | -                  | 10,810,689         |
| Target Australia PTY       | 18,231,276         | 33,614,212         |
| Redcats Asia Ltd           | 19,469,362         | 18,563,908         |
| Decathlon(OXYLANE)         | -                  | 53,388,176         |
| Carter's Global Sourcing   | -                  | 4,218,454          |
| Afjal & Brothres           | -                  | 969,228            |
| Sabuz Enterprise           | -                  | 128,495            |
| ITX Trading                | 93,182,975         | 201,306,495        |
|                            | <b>144,996,818</b> | <b>375,627,522</b> |

**9. Inter-Company Receivables**

|   |                    |                    |
|---|--------------------|--------------------|
| Pearl Global Industries Limited-(Sales) | 376,454,366        | 260,429,076        |
| Pearl Global Fareast Ltd                | 1,001,563          | 1,001,563          |
| DSSP Global Ltd (Creditor-Expenses)     | -                  | 527,401            |
| Pearl Global (HK) Ltd(Sales)            | 106,144,802        | 191,977,464        |
| Pearl Global (HK) Ltd(ExP)              | -                  | 7,214,444          |
|   | <b>483,600,731</b> | <b>461,149,948</b> |

**10. Advances, Deposits and Prepayments**

**Advances (considered good) to:**

|                         |                    |                    |
|-------------------------|--------------------|--------------------|
| - Landlord Against Rent | -                  | 3,865,348          |
| - Suppliers             | 30,498,574         | 12,626,308         |
| - Employees             | 1,350,015          | 2,430,210          |
| - Incentive Receivable  | 28,819,194         | 30,652,162         |
| - Others                | 168,972,508        | 127,022,890        |
|                         | <b>229,640,291</b> | <b>176,596,918</b> |

**Deposits**

|                              |                    |                   |
|------------------------------|--------------------|-------------------|
| - Margin against L/C and B/G | 130,600            | 130,600           |
| - Security deposits          | 109,045,787        | 89,226,799        |
|                              | <b>109,176,387</b> | <b>89,357,399</b> |

**Prepayments**

|                     |           |           |
|---------------------|-----------|-----------|
| - Prepaid insurance | 5,032,478 | 5,558,086 |
|                     | 5,032,478 | 5,558,086 |

**343,849,157** **271,512,403**

**11. Cash and Bank Balances**

Cash in hand 4,063,640 3,673,792

**Balances with Bank**

|  |            |             |
|--|------------|-------------|
| Fixed deposit with United Commercial Bank            | 4,065,001  | 3,807,585   |
| Current Account with United Commercial Bank          | 784,037    | 785,687     |
| Exchange Retention Quota with United Commercial Bank | 82,728     | 80,634      |
| HSBC-001-112432-012                                  | 635,161    | 718,122     |
| HSBC-001-112432-067                                  | 2,635,055  | 15,734,240  |
| HSBC-001-112432-047                                  | 717,647    | 4,458,239   |
| HSBC-001-112432-091                                  | 53,761,687 | 348,941,836 |
| HSBC FDR-01112432101                                 | 30,000,000 | -           |



As on  
31st March' 2017

As on  
31st March' 2016  
**G. BISWAS & CO.**  
CHARTERED ACCOUNTANTS

|                       |                           |                           |
|-----------------------|---------------------------|---------------------------|
| Bank Guarantee        | 1,800,501                 | 1,734,300                 |
| Funds In Transit      | 90,319,058                | 50,306,164                |
| DB-219-200-31537      | 7,755                     | 7,961                     |
| DB-219-200-31549      | 1,766                     | 1,766                     |
| DB-219-200-3161       | 254,621                   | 248,866                   |
| SCB A/c 46-1183252-01 | 219,654,969               | 48,206,716                |
| SCB A/c 42-1183252-01 | 1,449,937                 | 1,755,534                 |
|                       | <u>406,169,922</u>        | <u>476,787,650</u>        |
|                       | <b><u>410,233,562</u></b> | <b><u>480,461,442</u></b> |

## 12. Trade and Other Payables

### Trade Payables:

|                              |                    |                    |
|------------------------------|--------------------|--------------------|
| Basic Thread Industries Ltd. | 9,919,092          | 9,334,733          |
| Coats Bangladesh             | 383,132            | 1,379,815          |
| Victory City Company Ltd.    | 3,351,793          | 5,091,424          |
| Others                       | 586,316,318        | 962,303,559        |
|                              | <u>599,970,335</u> | <u>978,109,531</u> |

### Other Payables

|                         |                             |                             |
|-------------------------|-----------------------------|-----------------------------|
| Liability for Tax       | 164,322,618                 | 125,169,378                 |
| Withholding Tax Payable | 3,056,196                   | 5,998,183                   |
| Export bills discounted | 130,477,968                 | 132,286,423                 |
| Others                  | 178,817,906                 | 155,884,792                 |
|                         | <u>476,674,688</u>          | <u>419,338,776</u>          |
|                         | <b><u>1,076,645,024</u></b> | <b><u>1,397,448,307</u></b> |

## 13. Inter-Company Payables

|  |                    |                   |
|--|--------------------|-------------------|
| Pearl Global (HK) Ltd (Advance)                      | -                  | 48,161,445        |
| Pearl Global (HK) Ltd (Expenses)                     | 94,677,733         | -                 |
| DSSP Global Ltd (Creditor-Expenses)                  | 22,657,259         | -                 |
| DSSP Global Ltd (Creditor-Goods)                     | 4,416,541          | -                 |
| Pearl Global Industries Limited-Chennai(Expenses)    | -                  | 1,798,404         |
| Pearl Global Industries Limited(Creditor-Goods)      | 10,253,849         | 14,268,439        |
| Pearl Global Industries Limited(Creditors- Expenses) | 69,738,515         | 15,838,494        |
|  | <u>201,743,897</u> | <u>80,066,782</u> |



01 April 2016  
to  
31st Mar 2017

01 April 2015  
to  
31st Mar 2016  
**G. BISWAS & CO.**  
CHARTERED ACCOUNTANTS

|  |                      |                      |
|--|----------------------|----------------------|
| <b>14. Cost of Goods Sold</b>  |                      |                      |
| Raw Material Consumed (Note 14.01)   | 3,749,635,683        | 3,997,179,914        |
| Wages  | 702,056,516          | 689,097,608          |
| Manufacturing Overheads (Note 14.02)   | 471,581,781          | 391,014,236          |
|  | <b>4,923,273,980</b> | <b>5,077,291,758</b> |
| Add: Opening Work-in-Progress  | 213,578,667          | 238,231,468          |
|  | 5,136,852,647        | 5,315,523,226        |
| Less: Closing Work-in-Progress   | 202,712,806          | 213,578,667          |
| <b>Cost of Goods Manufactured</b>  | <b>4,934,139,841</b> | <b>5,101,944,559</b> |
| Add: Opening Stock of Finished Goods   | 78,149,661           | 86,472,102           |
| Cost of Goods Available For Sale   | 5,012,289,502        | 5,188,416,661        |
| Less: Closing Stock of Finished Goods  | 82,340,103           | 78,149,661           |
| <b>Cost of Goods Sold</b>  | <b>4,929,949,399</b> | <b>5,110,267,000</b> |
| <b>14.01. Raw Material Consumed</b>  |                      |                      |
| Opening Inventory  | 447,558,834          | 381,901,597          |
| Purchases During The Period  | 3,822,474,596        | 4,062,837,152        |
| Closing Inventory  | 520,397,748          | 447,558,834          |
|  | <b>3,749,635,683</b> | <b>3,997,179,914</b> |
| <b>14.02. Manufacturing Overheads</b>  |                      |                      |
| Stores, Spares & Maintenance   | 76,352,031           | 41,264,816           |
| Factory Cleaning & Upkeep  | 10,742,213           | 10,318,700           |
| Factory Rent   | 69,888,489           | 59,410,526           |
| Security Services  | 12,242,748           | 11,287,290           |
| Power & Fuel   | 70,105,409           | 54,674,039           |
| Consumables  | 24,240,913           | 15,715,310           |
| Compliance Expenses  | 13,444,529           | 8,582,655            |
| Testing Charges  | 27,800,320           | 38,415,234           |
| Machinery Hire Charges   | 6,888,395            | 11,941,206           |
| Clearing and Forwarding Inward Charges   | 46,736,280           | 34,957,621           |
| L/C Charges For Inputs   | 20,434,647           | 24,772,584           |
| Depreciation (Note 6.01)   | 69,176,468           | 58,760,239           |
| Insurance  | 23,529,339           | 20,914,015           |
|  | <b>471,581,781</b>   | <b>391,014,236</b>   |
| <b>15. Administrative, Selling and Distribution Expenses</b>                   |                      |                      |
| Salaries   | 320,982,563          | 305,245,731          |
| Marketing Expenses   | 52,199,532           | 130,256,687          |
| Interest   | 33,949,971           | 50,412,009           |
| Communication  | 6,955,683            | 7,603,198            |
| Conveyance   | 4,560,145            | 5,069,728            |
| Entertainment  | 3,322,127            | 3,442,792            |
| Office Stationery  | 215,116              | 682,548              |
| Stationery Printing  | 4,449,146            | 6,770,660            |
| Clearing & Forwarding Outward  | 85,960,653           | 69,264,179           |
| Bank Charges   | 27,157,730           | 24,721,470           |
| Travelling Expenses  | 13,846,100           | 14,062,122           |
| Vehicle Fuel & maintenance   | 35,426,053           | 34,016,057           |
| Courier & postage  | 33,452,296           | 47,002,419           |
| Audit fee / Internal Audit   | 1,645,657            | 368,000              |
| Depreciation (Note 6.01)   | 9,210,904            | 7,530,022            |
| Others   | 46,502,031           | 35,362,528           |
|  | <b>679,835,706</b>   | <b>741,810,151</b>   |
| <b>15.01. Salaries</b>   |                      |                      |
| This includes the following emoluments to one of the directors of the company: |                      |                      |
| Remuneration   | 1,200,000            | 1,200,000            |
| Housing  | 756,000              | 756,000              |
|  | <b>1,956,000</b>     | <b>1,956,000</b>     |
| <b>16. Other income</b>  |                      |                      |
| Interest Earned  | 404,634              | 316,305              |
| Others   | -                    | -                    |
|  | <b>404,634</b>       | <b>316,305</b>       |



**17 Norp Knit Industries Ltd  
Related Parties**

| Name of the Parties         | Nature        | Transactions         | Balance outstanding (Taka) |                  |                  |                  |                  |
|-----------------------------|---------------|----------------------|----------------------------|------------------|------------------|------------------|------------------|
|                             |               |                      | Three Months Ended         | Year Ended       | Year Ended       | Year Ended       | Year Ended       |
|                             |               |                      | 31st March' 2017           | 31st March' 2017 | 31st March' 2016 | 31st March' 2017 | 31st March' 2016 |
| Norwest Industries Ltd.     | Group company | Sales of goods       | -                          | -                | -                | -                | -                |
|                             |               | Expenses payable     | -                          | -                | 150,850          | -                | -                |
|                             |               | Expenses recoverable | -                          | -                | 12,915,594       | -                | -                |
| Pearl Global Industries Ltd | Group Company | Sale of goods        | 555,545,614                | 1,367,967,980    | 1,626,970,411    | 376,454,366      | 260,429,076      |
|                             |               | Purchases            | 5,869,265                  | 18,684,712       | 67,785,112       | 10,253,849       | 14,268,439       |
|                             |               | Expenses Payable     | 31,666,631                 | 56,290,220       | 3,929,473        | 69,738,515       | 15,838,494       |
|                             |               | Expenses recoverable | 571,415                    | 4,186,416        | 26,840,756       | -                | -                |
|                             |               |                      |                            |                  |                  |                  |                  |
| Pearl Global Ltd -Chennai   | Group company | Expenses Payable     | -                          | -                | -                | -                | 1,798,404        |
|                             |               | Expenses Recoverable | -                          | 11,942           | -                | -                | -                |
| Pearl Global (HK) Ltd       | Group company | Sale of goods        | 819,378,793                | 2,513,274,145    | 1,692,623,434    | 106,144,802      | 191,977,464      |
|                             |               | Adv from Affiliate   | -                          | -                | -                | -                | 48,161,445       |
|                             |               | Expenses Payable     | 45,346,070                 | 50,166,911       | 6,970,674        | 94,677,733       | -                |
|                             |               | Expenses recoverable | 80,499                     | 38,655,970       | 107,479,947      | -                | 7,214,444        |
| DSSP Global Ltd             | Group company | Purchases            | 25,500,339                 | 53,498,675       | 21,492,072       | 4,416,541        | -                |
|                             |               | Expenses Payable     | 36,623,250                 | 45,668,664       | -                | 22,657,259       | 527,401          |
|                             |               | Expenses recoverable | -                          | -                | -                | -                | -                |
| Pearl Global Fareast Ltd    | Group company | Expenses Payable     | -                          | -                | 4,120,821.90     | -                | -                |
|                             |               | Expenses recoverable | -                          | -                | -                | 1,001,563        | 1,001,563        |

Outstanding balances in respect of sale of goods and expenses with these related parties are priced on an arm's length basis.

The company purchased raw materials from the group company. The purchases are on the same terms and conditions as those entered into with other suppliers and payable under normal payment terms.

In addition, the company disbursed loan, received advance against sale, received equity money to/from group companies as per normal business norm.

**18. Contingent liability**

Contingent liability of the company was Tk. 531.547 million as on March 31, 2017 ( Tk 491.328 millions as on March 31, 2016) in respect of letters of credit outstanding and Tk 3.619 millions in respect of bank guarantee.

**19. Number of employees**

The number of employees engaged as on March 31, 2017 who received a total remuneration of Tk. 3,000 per month or above was 5960 Persons ( 5549 persons as on March 31, 2016).

**20. Exchange gain/(loss)**

This represents gain/(loss) arising from translation of foreign currency into local currency.



Additional Information disclosed as requirement of Schedule VI

| S.N. | Particulars   | Financial Year             |                           |
|------|---|----------------------------|---------------------------|
|      |   | 31st Mar'2017              | 31st Mar'2016             |
| 1    | <b>Long Term Borrowings:</b>                        |                            |                           |
|      | Payable Within One Year                             | 53,101,765                 | 24,221,819                |
|      | Payable After One Year                              | 167,167,549                | 57,399,316                |
|      |   | <u>220,269,314</u>         | <u>81,621,135</u>         |
| 2    | <b>Trade Payable:</b>                               |                            |                           |
|      | Payable Within One Year                             | 801,714,232                | 1,058,176,313             |
|      | Payable After One Year                              | -                          | -                         |
|      |   | <u>801,714,232</u>         | <u>1,058,176,313</u>      |
| 3    | <b>Other Liabilities:</b>                           |                            |                           |
|      | Payable Within One Year                             | 476,674,688                | 419,338,776               |
|      | Payable After One Year                              | -                          | -                         |
|      |   | <u>476,674,688</u>         | <u>419,338,776</u>        |
| 4    | <b>Long Term Provisions:</b>                        |                            |                           |
|      | Payable After One Year - Employee Benefits-Gratuity | 78,743,762                 | 67,400,060                |
|      | Payable After One Year - Others                     | -                          | -                         |
|      |   | <u>78,743,762</u>          | <u>67,400,060</u>         |
| 5    | <b>Fixed Assets:</b>                                |                            |                           |
|      | Capital Advances Given for following heads          | -                          | -                         |
| 6    | <b>Loans &amp; Advances:</b>                        |                            |                           |
|      | <b>Receivable Within One Year</b>                   |                            |                           |
|      | Suppliers   | 30,498,574                 | 12,626,308                |
|      | Employees   | 1,350,015                  | 2,430,210                 |
|      | Incentives  | 28,819,194                 | 30,652,162                |
|      | Insurance   | 5,032,478                  | 5,558,086                 |
|      |   | <u>65,700,262</u>          | <u>51,266,766</u>         |
|      | <b>Receivable After One Year</b>                    |                            |                           |
|      | Advance Rent  | -                          | 3,865,348                 |
|      | Margin Against LC and Bank Gaurantee                | 130,600                    | 130,600                   |
|      | Security Deposits                                   | 109,045,787                | 89,226,799                |
|      | Other Misc Deposits                                 | 168,972,508                | 127,022,890               |
|      |   | <u>278,148,895</u>         | <u>220,245,637</u>        |
|      | <b>Total</b>  | <u>343,849,157</u>         | <u>271,512,403</u>        |
|      |   |                            |                           |
|      |   | <b>31st Mar'2017</b>       | <b>31st Mar'2016</b>      |
|      |   | Receivable Within One Year | Receivable After One Year |
|      |   | Receivable Within One Year | Receivable After One Year |
| 7    | <b>Debtors:</b>                                     |                            |                           |
|      | Due Over Six Months                                 | -                          | -                         |
|      | Less: Provisions for Bad Debts                      | -                          | -                         |
|      | <b>Net Debtors Due Over 6 Months</b>                | -                          | -                         |
|      | Others  | 628,597,549                | 836,777,470               |
|      | Less: Provisions for Bad Debts                      | -                          | -                         |
|      | <b>Net Debtors Others</b>                           | <u>628,597,549</u>         | <u>836,777,470</u>        |
|      | <b>Bank Deposit and Margin Money</b>                |                            |                           |
|      | <b>Receivable Within one Year</b>                   |                            |                           |
|      | HSBC Margin L/C                                     | -                          | -                         |
|      | HSBC Short term Deposit                             | 2,635,055                  | -                         |
|      |   | <u>2,635,055</u>           | -                         |
|      | <b>Receivable After One Year</b>                    |                            |                           |
|      | Fixed deposit with United Commercial Bank           | 4,065,001                  | 3,807,585                 |
|      | Fixed deposit with HSBC Bank                        | 30,000,000                 | -                         |
|      |   | <u>34,065,001</u>          | <u>3,807,585</u>          |
|      | <b>Total</b>  | <u>36,700,056</u>          | <u>3,807,585</u>          |

