Norp Knit Industries Limited

Independent auditor's report and financial statements
as at and for the year ended 31 March 2024

KPMG

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FIT FOR CONSOLIDATION (FFC) REPORT

To,
Mr. Sandeep Dinodia
S.R. Dinodia & Co LLP.
K-39, Connaught Circus
New Delhi- 110001

Opinion

We have audited the accompanying financial statements of Norp Knit Industries Limited ("the Company"), a Subsidiary of Pearl Global Industries Limited expressed in BDT, which comprise the Balance Sheet as at 31 March 2024, the Statement of Profit and Loss(including Other Comprehensive Income), the Statement of Change in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by International Financial Reporting Standards (IFRSs) in Norp Knit Industries Limited in the manner so required and give a true and fair view of the state of affairs of the Company as at 31 March 2024, its profit/loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date which are designed to prepare the Consolidated Financial Statement of Pearl Global Industries Limited as at 31 March 2024 in compliance with the International Financial Reporting Standards (IFRSs). Our Audit Clearance Memorandum **(Annexure- A)** describes the results of our audit procedures.

Basis for Opinion

We conducted our audit in accordance with the auditing standards in force and the additional procedures detailed in the Group Audit Instructions (GAI) dated 2 April 2024. These 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.

Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of this report. We are independent of the Company in accordance with the Code of Ethics issued by the International Federation of Accountants ("IFAC") together with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and change in equity of the Company in accordance with IFRSs.

This responsibility also includes maintenance of adequate accounting records in accordance with the IFRSs for safeguarding of the assets of the Company and for preventing and detecting frauds and

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other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Fit for Consolidation (FFC) 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 this financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i) 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.

ii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iii) 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 FFC 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 FFC report. However, future events or conditions may cause the Company to cease to continue as a going concern.

iv) 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.

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

Other Matter

i) This FFC report is issued solely for the purpose of inclusion in the Consolidated Ind AS Financial Statement of Pearl Global Industries Limited. This FFC report may not be useful for any other purpose.

ii) In giving our opinion above, the Component planning materiality level considered by us is BDT 115,000,000. For the purposes of this exercise, the materiality threshold considered by us for the Component is lower than the materiality level considered for the Group as a whole.

iii) We will share the content of the Management Representations obtained by us from the management of the Component and our communication to the persons charged with governances with you to enable you to evaluate implication of the same on the group financial statements. We attach herewith copy of the Management Representations obtained by us from the management of the Component and our communication to the persons charged with governances to enable you to evaluate implication of the same on the group financial statement, if any.

Md. Tazul Islam

Partner

Rahman Rahman Huq (KPMG in Bangladesh)

Dhaka, 12 May 2024

RRH

Annexure- A

Significant Risks And Our Responses

Report identifiers:

Financial information	Currency used: BDT	Current year	Prior year
	Turnover	12,058,819,379	9,650,582,390
	Profit after tax	831,163,083	428,740,976
	Total assets	6,062,982,184	4,564,786,922
	Shareholder's equity	2,899,775,724	2,194,314,001

Significant risk :

1. For performance obligations satisfied at a point in time, revenue is not recognised in the correct accounting period.

2. Contracts that are, or contain, a lease are not identified (or contracts that do not contain a lease are inappropriately identified as leases).

3. A right-of use asset is not appropriately adjusted, when necessary, following remeasurement of the lease liabilities.

4. A lease modification is inappropriately identified as a separate lease.

5. Lease payments included in the measurement of the lease liability are not accurately recorded, are not recorded in the correct accounting period, or the payment has not been made

6. Management override of controls (Journal Entry)

Procedures performed by us:

For Revenue:

WT - 1: Customer creation to collection

Control: Sales Three-way match

TOD 1: Sales cut-off test (before period end) – specific and extended.

TOD 2: Sales cut-off test (after period end) - specific and extended.

For Lease:

TT GOSPT14001 Leases - vouch agreements and assess accounting (lessees)

For Journal Entry:

- WT - 1: Journal entry process
- D&I - 1: Segregation of duties (D&I)
- Journal Entry Completeness testing
- Applying the high-risk criteria to the relevant population and examining support for all journal entries and other adjustments identified and selected.
- Post-closing journal entries

Results: Nothing unusual found.

Laws And Regulations

We performed the procedures as requested. No instances of non-compliance requiring your attention were noted.

Fraud

We performed the procedures as requested. No instances of fraud requiring your attention were noted.

Indicators Of Management Bias

No indicators of management bias were detected by us.

Key Audit Matters

No Key Audit Matters were detected by us.

Summary Of Significant control Deficiencies At The Component Level

No significant deficiencies were noted.

Related Parties

No related parties were identified by us in addition to the names communicated by you in your Instructions.

Subsequent Events Procedures

We performed the procedures as requested. No items requiring your attention were noted.

Matters To Be Communicated To Group Management/Those Charged With Governance

No matters were identified by us that require communication to group management/those charged with governance.

Specific Representations From Group Management

No specific representations to be included.

Going Concern Status Of Component

No items requiring your attention were noted.

Litigation And Claims

No items requiring your attention were noted.

Fit for Consolidation Report

Please refer to our attached audit Report.

Audit Questionnaire

Please refer to our attached audit questionnaire.

Md. Tazul Islam

Partner

Rahman Rahman Huq (KPMG in Bangladesh)

Dhaka, 12 May 2024

RRH

Norp Knit Industries Limited
Statement of financial position

In Taka	**Note**	**31 March 2024**	**31 March 2023**
Assets			
Property, plant and equipment	*12*	**731,481,397**	502,299,941
Capital work-in-progress	*12*	**173,096,252**	132,621,129
Intangible assets	*12*	**600,764**	719,147
Right-of-use assets	*13*	**816,594,457**	-
Investment in preference shares	*14*	**110,200,000**	110,200,000
Investment in fixed deposit receipts	*15*	**3,890,300**	3,890,300
Deferred tax assets	*27*	**7,698,518**	-
Non-current assets		**1,843,561,688**	749,730,517
Inventories	*16*	**1,600,538,855**	1,617,439,256
Trade and other receivables - external	*18*	**236,994,732**	258,202,997
Trade and other receivables - inter-company	*19*	**1,131,727,297**	1,263,824,002
Investment in fixed deposit receipts	*15*	**61,824,877**	57,349,744
Advances, deposits and prepayments	*20*	**165,438,470**	136,048,159
Cash and cash equivalents	*21*	**1,022,896,265**	482,192,247
Current assets		**4,219,420,496**	3,815,056,405
Total assets		**6,062,982,184**	4,564,786,922
Equity			
Share capital	*22*	**338,123,100**	338,123,100
Share based payment reserve		**26,854,457**	7,155,952
Retained earnings		**2,534,798,167**	1,849,034,949
Total equity		**2,899,775,724**	2,194,314,001
Liabilities			
Loans and borrowings	*23*	***163,047,762***	95,443,495
Employee benefits	*28*	**151,934,794**	104,054,076
Lease liabilities	*29*	**869,402,130**	-
Non-current liabilities		**1,184,384,686**	199,497,571
Loans and borrowings	*23*	**50,655,062**	175,648,724
Bank overdraft	*24*	**8,806,323**	10,927,570
Trade and other payables - external	*25*	**1,625,188,296**	1,704,573,633
Trade and other payables - inter-company	*26*	**249,562,032**	260,500,845
Employee benefits	*28*	**15,359,562**	17,305,660
Lease liabilities	*29*	**27,117,000**	-
Net current tax liabilities	*17*	**2,133,500**	2,018,918
Current liabilities		**1,978,821,775**	2,170,975,350
Total liabilities		**3,163,206,461**	2,370,472,921
Total equity and liabilities		**6,062,982,184**	4,564,786,922

The notes on pages 10 to 42 are an integral part of these financial statements.

Managing Director

Director

As per our report of same date.

Auditor

Dhaka,

RRH

RAHMAN RAHMAN HUQ KPMG DHAKA

Norp Knit Industries Limited
Statement of profit or loss and other comprehensive income

For the year ended 31 March

In Taka	***Note***	**2024**	**2023**
Revenue	*5*	**12,058,819,379**	9,650,582,390
Cost of sales	*6*	**(9,744,979,116)**	(8,051,781,657)
Gross profit		**2,313,840,263**	1,598,800,733
Other income	*7*	**8,221,626**	78,409,824
Administrative, selling and distribution expenses	*9*	**(1,266,739,441)**	(1,114,386,597)
Operating profit		**1,055,322,448**	562,823,960
Finance income	*10*	**6,339,831**	3,001,101
Finance costs	*10*	**(106,867,266)**	(48,782,596)
Net finance costs		**(100,527,435)**	(45,781,495)
Profit before tax		**954,795,013**	517,042,465
Deferred tax income	*11*	**6,430,287**	-
Current tax expense	*11*	**(130,062,217)**	(88,301,489)
Profit for the year		**831,163,083**	428,740,976
Other comprehensive income			
Remeasurement of defined benefit liabilities	*28*	**(10,568,592)**	-
Related tax	*27*	**1,268,231**	-
Other comprehensive income for the year, net of tax		**(9,300,361)**	-
Total comprehensive income for the year		**821,862,722**	428,740,976

The notes on pages 10 to 42 are an integral part of these financial statements.

Managing Director

Director

As per our report of same date.

Dhaka,

RRH

Auditor

Norp Knit Industries Limited
Statement of changes in equity

For the year ended 31 March 2024 *In Taka*	**Share capital**	**Share based payment reserve**	**Retained earnings**	**Total**
Balance at 1 April 2022	338,123,100	-	1,420,293,973	1,758,417,073
Total comprehensive income for the year				
Profit for the year	-	-	428,740,976	428,740,976
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	428,740,976	428,740,976
Transactions with owners of the Company				
Contributions and distributions				
Equity-settled share based payment	-	7,155,952	-	7,155,952
Dividends	-	-	-	-
Total transactions with owners of the Company	-	7,155,952	-	7,155,952
Balance at 31 March 2023	338,123,100	7,155,952	1,849,034,949	2,194,314,001
Balance at 1 April 2023	**338,123,100**	**7,155,952**	**1,849,034,949**	**2,194,314,001**
Adjustment for intial recognition of leases & prior year	-	-	**(136,099,504)**	**(136,099,504)**
Adjusted balance as at 1 April 2023	**338,123,100**	**7,155,952**	**1,712,935,445**	**2,058,214,497**
Total comprehensive income for the year				
Profit for the year	-	-	**831,163,083**	**831,163,083**
Other comprehensive income for the year	-	-	**(9,300,361)**	**(9,300,361)**
Total comprehensive income for the year	-	-	**821,862,722**	**821,862,722**
Transactions with owners of the Company				
Contributions and distributions				
Equity-settled share based payment	-	**19,698,505**	-	**19,698,505**
Dividends	-	-	-	-
Total transactions with owners of the Company	-	**19,698,505**	-	**19,698,505**
Balance at 31 March 2024	**338,123,100**	**26,854,457**	**2,534,798,167**	**2,899,775,724**

The notes on pages 10 to 42 are an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG ★ DHAKA ★

Norp Knit Industries Limited
Statement of cash flows

		For the year ended 31 March	
In Taka	***Note***	**2024**	**2023**
Cash flows from operating activities			
Profit for the year		**831,163,083**	428,740,976
Adjustment for:			
- Depreciation	*12*	**209,044,565**	103,420,233
- Gain on sale of property, plant and equipment	*7*	**(301,164)**	303,345
- Gain on lease modification	*7*	**(7,920,462)**	-
- ESOP		**19,698,505**	7,155,952
- Net finance costs	*10*	**100,527,435**	45,781,495
- Tax expense	*11*	**123,631,930**	88,301,489
		1,275,843,892	673,703,490
Changes in:			
- Inventories		**16,900,401**	433,135,789
- Trade and other receivables		**21,208,265**	(25,304,932)
Inter-company receivables		**132,096,705**	712,090,370
- Advances and prepayments		**(29,390,311)**	290,862,024
- Trade and other payables		**(79,385,337)**	(741,938,402)
- Inter-company payables		**(10,938,813)**	(86,971,308)
- Investment in FDR		**(4,475,133)**	
- Employee benefits		**35,366,028**	-
Cash generated from operating activities		**1,357,225,696**	1,255,577,031
Payment of interest on lease liabilities	*10(B)(i)*	**(87,617,334)**	-
Prepaid rent adjustment of initial lease recognition		**(73,406,695)**	-
Income taxes paid	*17(A)*	**(129,947,638)**	(146,778,386)
Net cash from operating activities		**1,066,254,029**	1,108,798,645
Cash flows from investing activities			
Interest received	*10(A)*	**6,339,831**	3,001,101
Proceeds from sale of property, plant and equipment	*7*	**7,525,710**	-
Acquisition of property, plant and equipment	*12(A)*	**(389,200,653)**	(78,094,329)
Net cash used in investing activities		**(375,335,112)**	(75,093,228)
Cash flows from financing activities			
Proceeds from loans and borrowings		**201,144,152**	-
Repayment of loans and borrowings		**(256,610,046)**	(748,865,408)
Interest paid		**(21,173,432)**	(48,782,596)
Payment of lease liabilities (principal portion)	*29(D)*	**(71,454,326)**	-
Net cash used in financing activities		**(148,093,652)**	(797,648,004)
Net increase in cash and cash equivalents		**542,825,265**	236,057,412
Opening balances		**471,264,677**	235,207,265
Closing balances	*21*	**1,014,089,942**	471,264,677

The notes on pages 10 to 42 are an integral part of these financial statements.

RAHMAN RAHMAN HUQ KPMG DHAKA

1. Reporting entity

Norp Knit Industries Limited is a Private Company Limited by Shares incorporated on 5 May 2004 under the Companies Act, 1994. Pearl Global Industries Ltd, India is the parent company which holds 99.9994% of the shares of the company. This entity is the ultimate controlling party of the company. Mr. Deepak Kumar Seth holds 0.0003% and Mr. Pulkit Seth 0.0003% of the shares of the company.

The address of the company's registered office is at vill: North Khailkur, P.O.National University, Gazipur.

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 18 December 2004.

2. Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They were authorised by the Company's board of directors on ______________________.

Comparative figures have been rearranged/reclassified wherever considered necessary, to ensure better comparability with the current year financial statements and to comply with relevant IFRSs.

Details of the Company's accounting policies, including changes thereto, are included in Note 41.

3. Functional and presentation currency

These financial statements are presented in Bangladesh Taka (BDT/Taka/Tk.), which is the Company's functional currency. All amounts have been rounded to the nearest taka, unless otherwise indicated.

4. Use of judgements and estimates

The preparation of the financial statements requires management to make judgments and estimates 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 and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following note:

Note 29: Lease term: whether the Company is reasonably certain to exercise extension option.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following Note:

Note 12: Useful life of property, plant and equipment

RAHMAN RAHMAN HUQ KPMG DHAKA

5. Revenue

See accounting policy in Note 41(B).

In Taka	For the year ended 31 March 2024	2023
Revenue	**12,058,819,379**	9,650,582,390
Total revenue	**12,058,819,379**	9,650,582,390

6. Cost of sales

In Taka	*Note*	For the year ended 31 March 2024	2023
Materials consumed:			
Opening stock of raw and packing materials		**476,117,656**	1,341,490,404
Purchases during the year		**7,438,623,803**	5,746,056,524
Closing stock of raw and packing materials		**(582,352,437)**	(476,117,656)
Materials consumed		**7,332,389,022**	6,611,429,272
Direct and manufacturing overhead costs:			
Salaries, wages and bonuses		**1,392,799,171**	1,173,255,194
Retirement benefits		**32,323,889**	15,520,051
Workers welfare expenses		**4,333,782**	3,510,112
Employee benefit expenses		**531,147**	469,075
Clearing & forwarding - inward charges		**100,186,862**	92,804,153
Compliance expenses		**16,746,503**	17,135,835
Consumeables		**71,567,188**	49,182,375
Factory rent		**152,246,140**	118,824,309
Rent adjustment		**(152,467,190)**	-
Inspection charges		**12,040,612**	8,848,951
Insurance - general		**15,550,577**	14,646,009
Insurance - marine cargo		**21,373,115**	15,254,933
L/C charges for inputs		**19,542,845**	17,684,552
Machinery hire charges		**15,356,591**	19,346,699
Overhead expenses		**19,351,481**	14,683,826
Power & fuel		**186,075,979**	124,966,171
Stores and spares		**148,626,671**	88,999,201
Testing charges		**24,389,071**	26,209,916
Depreciation expenses on PPE- cost of sales		**74,887,258**	70,066,380
Depreciation on right-of-use asset- cost of sales		**90,871,793**	-
Other expenses		**1,061,493**	703,603
Total direct and manufacturing overhead costs		**2,247,394,978**	1,872,111,345
Prime costs		**9,579,784,000**	8,483,540,617
Opening stock of work in progress		**896,077,432**	561,687,491
Closing stock of work in progress		**(776,342,778)**	(896,077,432)
Cost of goods maufactured		**9,699,518,654**	8,149,150,676
Opening stock of finished goods		**244,766,168**	147,397,149
Closing stock of finished goods		**(199,305,707)**	(244,766,168)
Cost of sales		**9,744,979,116**	8,051,781,657

RAHMAN RAHMAN HUQ KPMG DHAKA

7. Other income

See accounting policy in Note 41(B).

In Taka	Note	For the year ended 31 March 2024	2023
Cash incentive received		-	76,823,699
Gain on lease modification		7,920,462	-
Profit on sale of tangible assets		301,164	1,586,125
		8,221,626	78,409,824

8. Other expense

See accounting policy in Note 41(K).

In Taka	For the year ended 31 March 2024	2023
Impairment loss	-	-
	-	-

9. Administrative, selling and distribution expenses

In Taka	For the year ended 31 March 2024	2023
Salaries, wages and bonuses	774,332,577	666,153,572
Retirement benefits	19,678,346	15,537,131
Equity-settled share-based payments	19,698,505	7,155,952
Audit fees - external	2,591,634	830,300
Audit fees - internal	2,866,450	2,808,822
Legal and professional fees	4,547,827	3,199,525
Clearing & forwarding - outward	111,247,288	118,899,845
Courier expenses	87,861,503	68,903,150
Entertainment expenses	3,029,786	2,466,083
Telephone and postage expenses	8,256,370	7,385,490
Travel and coveyances	41,776,730	20,259,911
Printing, stationery and postage	11,089,284	7,260,209
Vat Payment	6,908,284	-
Vehicle maintenance & fuel expenses	62,522,518	54,289,989
Depreciation expense on PPE- operating expense	37,432,272	32,344,727
Amortization on intangible asset- operating expense	118,383	1,009,127
Depreciation on right-of-use asset-operating	5,734,859	-
Rent Adjustment	(6,604,470)	-
Rental expense (Short-term lease)	8,204,244	7,801,836
Bank charges	32,198,526	29,445,252
Other expenses	33,248,525	68,635,676
	1,266,739,441	1,114,386,597

10. Net finance costs

See accounting policy in Note 38(D).

In Taka	Note	For the year ended 31 March 2024	2023
Finance income	10(A)	6,339,831	3,001,101
Finance costs	10(B)	(106,867,266)	(48,782,596)
		(100,527,435)	(45,781,495)

A. Finance income

Interest Income on fixed deposit receipts	6,339,831	3,001,101
	6,339,831	3,001,101

RAHMAN RAHMAN HUQ
KPMG
DHAKA

10. Net finance costs

In Taka	Note	For the year ended 31 March 2024	2023
B. Finance costs			
Interest expenses	*10(B)(i)*	**106,867,266**	48,782,596
		106,867,266	48,782,596

i. **Interest expenses**		
Interest on term loans	**6,642,054**	5,769,008
Imputed interest on lease liabilities	**87,617,334**	-
Interest on working capital loans	**12,607,877**	43,013,588
	106,867,266	48,782,596

11. Current tax expense

See accounting policy in Note 41(E).

Amounts recognised in profit or loss:

A. Current tax expenses

In Taka	For the year ended 31 March 2024	2023
Current year	**122,011,028**	88,301,489
Changes in estimates related to prior year	**8,051,189**	-
	130,062,217	88,301,489

B. Deferred tax expenses/(income)

(Origination) and reversal of temporary differences	**(6,430,287)**	-
	(6,430,287)	-

C. Amounts recognised in OCI:

(Origination) and reversal of temporary differences	**1,268,231**	-
	1,268,231	-

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12. Property, plant and equipment

See accounting policy in Note 41(G).

A. Reconciliation of carrying amount

In Taka	Building & Civil Works	Plant & Machinery	Vehicles	Furniture & Fixtures	Office Equipments & Computers	Factory Equipments	Telephone Installation & Connection	Air Conditioners	Fire extinguisher	Electrical Installation	Intangible assets	Capital work-in-progress	Total
Cost													
Balance at 1 April 2022	141,754,366	1,066,194,892	19,690,119	113,734,110	70,358,400	57,003,512	2,867,150	13,253,668	10,405,101	12,101,987	16,141,191	123,562,120	1,647,066,617
Additions	2,960,308	23,279,256	2,394,105	10,555,508	5,951,202	9,001,252		3,992,387	185,589	11,711,783	-	140,850,455	210,881,845
Transfer from capital work-in-progress	-	-	-	-	-	-	-	-	-	-		(131,791,446)	(131,791,446)
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals		(24,892,348)	-	-	(697,579)	-	-	-	-	-	-	-	(25,589,927)
Balance at 31 March 2023	144,714,674	1,064,581,800	22,084,224	124,289,618	75,612,023	66,004,764	2,867,150	17,246,055	10,590,690	23,813,770	16,141,191	132,621,129	1,700,567,089
Balance at 1 April 2023	**144,714,674**	**1,064,581,800**	**22,084,224**	**124,289,618**	**75,612,023**	**66,004,764**	**2,867,150**	**17,246,055**	**10,590,690**	**23,813,770**	**16,141,191**	**132,621,129**	**1,700,567,089**
Additions	**46,682,271**	**196,748,505**	**23,973,763**	**29,656,517**	**11,969,433**	**36,921,353**	**-**	**644,873**	**-**	**2,128,814**	**-**	**201,086,779**	**549,812,309**
Transfer from capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	**(160,611,656)**	**(160,611,656)**
Disposals	-	**(5,867,040)**	**(7,330,010)**	-	-	-	-	-	-	-	-	-	**(13,197,050)**
Balance at 31 March 2024	**191,396,945**	**1,255,463,266**	**38,727,977**	**153,946,136**	**87,581,456**	**102,926,117**	**2,867,150**	**17,890,928**	**10,590,690**	**25,942,584**	**16,141,191**	**173,096,252**	**2,076,570,692**
Accumulated depreciation													
Balance at 1 April 2022	76,778,952	732,071,779	12,551,856	65,490,244	46,529,242	23,228,256	2,476,825	2,717,591	8,104,113	1,435,377	14,412,917	-	985,797,152
Depreciation	9,401,423	64,606,500	1,565,380	7,873,610	7,907,730	6,780,765	67,100	1,578,305	609,375	2,020,918	1,009,127	-	103,420,233
Reversal of impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(23,745,116)	-	-	(545,397)	-	-	-	-	-	-	-	(24,290,513)
Balance at 31 March 2023	86,180,375	772,933,162	14,117,236	73,363,855	53,891,575	30,009,021	2,543,925	4,295,897	8,713,488	3,456,294	15,422,044	-	1,064,926,872
Balance at 1 March 2023	**86,180,375**	**772,933,162**	**14,117,236**	**73,363,855**	**53,891,575**	**30,009,021**	**2,543,925**	**4,295,897**	**8,713,488**	**3,456,294**	**15,422,044**	**-**	**1,064,926,872**
Depreciation	**9,921,102**	**68,690,400**	**2,558,897**	**9,567,083**	**8,584,920**	**8,414,936**	**67,100**	**1,676,108**	**370,621**	**2,468,365**	**118,383**	**-**	**112,437,913**
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	**(5,852,340)**	**(120,164)**	-	-	-	-	-	-	-	-	-	**(5,972,504)**
Balance at 31 March 2024	**96,101,477**	**835,771,222**	**16,555,969**	**82,930,937**	**62,476,495**	**38,423,957**	**2,611,025**	**5,972,004**	**9,084,109**	**5,924,659**	**15,540,427**	**-**	**1,171,392,281**
Carrying amounts													
At 1 April 2022	-	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	58,534,299	291,648,638	7,966,988	50,925,764	21,720,448	35,995,743	323,225	12,950,158	1,877,202	20,357,476	719,147	132,621,129	635,640,217
At 31 March 2024	**95,295,468**	**419,692,044**	**22,172,008**	**71,015,199**	**25,104,961**	**64,502,160**	**256,125**	**11,918,924**	**1,506,581**	**20,017,925**	**600,764**	**173,096,252**	**905,178,411**

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13. Right-of-use assets

See accounting policy in Note 41(M).

Reconciliation of carrying amount

In Taka	Buildings	Office Premeses	Total
Cost			
Balance as at 1 April 2022	-	-	-
Additions	-	-	-
Reassessment adjustment	-	-	-
Balance at 31 March 2023	-	-	-
Balance at 1 April 2023	-	-	-
Additions	892,191,987	21,009,122	913,201,109
Balance at 31 March 2024	892,191,987	21,009,122	913,201,109
Accumulated depreciation			
Balance as at 1 April 2022	-	-	-
Depreciation	-	-	-
Balance at 31 March 2023		-	-
Balance at 1 April 2023	-	-	-
Depreciation	90,871,793	5,734,859	96,606,652
Balance at 31 March 2024	90,871,793	5,734,859	96,606,652
Carrying amount			
At 31 March 2022	-	-	-
At 31 March 2023	-	-	-
At 31 March 2024	801,320,194	15,274,263	816,594,457

14. Investment in preference shares

See accounting policy in Note 41(I).

In Taka	31 March 2024	31 March 2023
Prudent Fashions Limited	110,200,000	110200000
	110,200,000	110,200,000

15. Investment in fixed deposit receipts

See accounting policy in Note 41(I).

In Taka	31 March 2024	31 March 2023
Investment in FDR - UCBL	13,067,331	8,666,879
Investment in FDR - HSBC	48,757,546	48,682,865
Investment in FDR - SCB	3,890,300	3,890,300
	65,715,177	61,240,044
Current	61,824,877	57,349,744
Non Current	3,890,300	3,890,300
	65,715,177	61,240,044

16. Inventories

See accounting policy in Note 41(F).

In Taka	31 March 2024	31 March 2023
Raw and packing materials	582,352,437	476,117,656
Finished goods	199,305,707	244,766,168
Inventories in-transit	42,537,933	477,999
Work-in-progress	776,342,778	896,077,432
	1,600,538,855	1,617,439,255

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17. Net current tax assets

In Taka	Note	31 March 2024	31 March 2023
Current tax assets	17(A)	**129,947,637**	146,778,386
Current tax liabilities	17(B)	**(132,081,137)**	(148,797,307)
		(2,133,500)	(2,018,921)

18. Trade and other receivables - external

See accounting policy in Note 41(I).

In Taka	Note	31 March 2024	31 March 2023
Trade receivables due from third parties		**69,477,666**	87,200,151
Other receivables		**167,517,066**	171,002,846
		236,994,732	258,202,997

A. Trade receivables due from third parties

Target Australia PTY	**69,477,666**	57,740,489
Lerros Moden GmbH	**-**	380,897
Transform SR LLC	**-**	29,078,765
	69,477,666	87,200,151

19. Trade and other receivables - inter-company

See accounting policy in Note 41(I).

In Taka	31 March 2024	31 March 2023
Pearl Global Industries Limited	**60,237,760**	59,286,076
Prudent Fashions Ltd.	**-**	248,951,674
Pearl Global (HK) Ltd.	**1,068,690,400**	858,454,619
Pearl Grass Creation	**1,496,141**	78,037,035
Pearl Global Industries FZCO	**1,302,996**	-
Alpha Clothing Ltd.	**-**	19,094,598
	1,131,727,297	1,263,824,002

20. Advances, deposits and prepayments

In Taka	Note	31 March 2024	31 March 2023
Advances to employees		**14,398,904**	9,780,169
Advance to vendors		**129,009,852**	24,230,499
Other advances		**-**	102,190
Security Deposits		**9,376,205**	92,176,412
Prepaid Expenses		**3,114,049**	3,028,798
Prepaid Insurance		**9,539,461**	6,730,091
		165,438,470	136,048,159

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21. Cash and cash equivalents

See accounting policy in Note 41(I).

In Taka	31 March 2024	31 March 2023
Bank balances	**728,939,539**	423,138,822
Fixed Deposit Receipt (FDR)	**292,274,028**	55,617,350
Cash in hand	**1,682,698**	3,436,075
Cash and cash equivalents in the statement of financial position	**1,022,896,265**	482,192,247
Bank overdrafts repayable on demand and used for cash management purposes	**(8,806,323)**	(10,927,570)
Cash and cash equivalents in the statement of cash flows	**1,014,089,942**	471,264,677

A. Bank balances

HSBC margin account	**106,745,771**	128,487,786
HSBC ERQ account	**30,883,337**	20,867,976
HSBC current A/c 012	**3,550,000**	836,516
HSBC current A/c 092	**1,136,633**	1,723,387
UCBL current account	**22,718**	48,184
UCBL ERQ account	**57,595**	54,977
DB-219-200-31537	**5,455**	5,570
DB-219-200-3161	**285,898**	276,257
DB-219-200-31549	**41**	156
DBBL-2111100017401	**1,793,312**	838,228
Bank guarantee - HSBC	**100,000**	-
HSBC margin A/C- LC	**11,736,341**	-
UCBL0951101000012589	**1,512,746**	196,226
UCBL0951184000000301	**367,433,809**	73,776,422
UCBL0951180000000739	**95,160,362**	35,389,561
UCBL951101-000000833	**-**	2,155,011
SCB a/c 01-1183252-01	**195,135**	-
SCB margin A/C -01	**101,091,614**	74,507,573
SCB ERQ A/C -01	**5,000,106**	12,544,531
Fund In Transit	**2,228,668**	71,430,462
	728,939,539	**423,138,822**

B. Fixed Deposit Receipt (FDR)

UCBL Fixed Deposit	**8,880,703**	8,638,816
UCBL Fixed Deposit	**134,893,325**	46,978,534
SCB FDR A/C	**148,500,000**	-
	292,274,028	55,617,350

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22. Share capital

See accounting policy in Note 41(J).

In Taka	31 March 2024	31 March 2023
Issued, subscribed and paid up:		
2,415,607 (2010: 493,781) ordinary shares of Tk. 100 each	**241,560,700**	241,560,700
33,81,231 (2014: 965,624) ordinary shares of Tk. 100 each	**96,562,400**	96,562,400
	338,123,100	338,123,100

A. Percentage of shareholding

Name of the shareholders	Number of shares	Value of shares in Taka	Percentage of holding
31 March 2024			
Pearl Global Industries Ltd.	3,381,211	**338,121,100**	**99.9994%**
Mr. Deepak Seth	10	**1,000**	**0.0003%**
Mr. Pulkit Seth	10	**1,000**	**0.0003%**
	3,381,231	**338,123,100**	**100.0000%**

Name of the shareholders	Number of Number of shares	Face value Value of shares in Taka	Face value Percentage of holding
31 March 2023			
Pearl Global Industries Ltd.	3,381,211	338,121,100	99.9994%
Mr. Deepak Seth	10	1,000	0.0003%
Mr. Pulkit Seth	10	1,000	0.0003%
	3,381,231	338,123,100	100.0000%

B. Authorised

In taka	31 March 2024	31 March 2023
36,00,000 (2014: 11,00,000) ordinary shares of Tk.100 each	**360,000,000**	360,000,000

23. Loans and borrowings

See accounting policy in Note 41(I).

In Taka	*Note*	31 March 2024	31 March 2023
Term loans	*23(A)*	**163,047,763**	**95,443,495**
Working capital loans	*23(B)*	**50,000,000**	**175,648,724**
EDF loans	*23(C)*	**655,063**	-
		213,702,826	271,092,219

A. Term loans

Term loans - UCBL	**163,047,763**	-
Term loans - SCB	-	95,443,495
	163,047,763	95,443,495

B. Working capital loans

Working capital loans - UCBL	**50,000,000**	130,648,724
Working capital loans - HSBC	-	45,000,000
	50,000,000	175,648,724

C. EDF loans

EDF loans - SCB	**655,063**	-
	655,063	-

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23. Loans and borrowings (continued)

Non-current	**163,047,762**	95,443,495
Current	**50,655,062**	175,648,724
	213,702,824	271,092,219

24. Bank overdraft

See accounting policy in Note 41(I).

In Taka	**31 March 2024**	**31 March 2023**
Bank overdraft - HSBC	**884,872**	10,120,465
Bank overdraft - SCB	**-**	807,104
Bank overdraft - UCBL	**7,921,451**	-
	8,806,323	10,927,570

25. Trade and other payables - external

See accounting policy in Note 41(I).

In Taka	***Note***	**31 March 2024**	**31 March 2023**
Trade payables		**1,037,595,957**	1,195,630,869
Other payables	*25(B)*	**587,592,339**	508,942,766
		1,625,188,296	1,704,573,635

B. Other payables

Other payables - GRIR	**384,883,643**	299,911,457
Withholding tax payable	**1,222,197**	902,076
TDS payables	**5,933,331**	3,311,041
Accrued expenses	**194,339,698**	201,681,222
Interest payables	**812,500**	2,736,000
Others	**400,970**	400,970
	587,592,339	508,942,766

26. Trade and other payables - inter-company

See accounting policy in Note 41(I).

In Taka	**31 March 2024**	**31 March 2023**
Pearl Global (HK) Ltd.	**200,447,139**	193,571,364
DSSP Global Ltd.	**49,114,893**	64,636,151
Pearl Global Industries Limited	**-**	2,293,330
	249,562,032	260,500,845

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27. Deferred tax assets/(liabilities)

See accounting policy in Note 41(E).

In taka	*Note*	2024	2023
Opening balances		-	-
Deferred tax income (recognised in profit or loss)	27(A)	6,430,287	-
Deferred tax income (recognised in OCI)	27(A)	1,268,231	-
Closing balances		**7,698,518**	-

A. Movement in deferred tax balances

2024

				Balance as at 31 March		
In Taka	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	-	(7,404,597)	-	-	(7,404,597)	(7,404,597)
Employee benefits	-	4,243,923	1,268,231	5,512,154	-	5,512,154
Right-of-use assets	-	(97,991,335)	-	-	(97,991,335)	(97,991,335)
Lease liabilities	-	107,582,296	-	107,582,296	-	107,582,296
Net deferred tax assets/(liabilities)	-	6,430,287	1,268,231	113,094,450	(105,395,932)	7,698,518

2023

				Balance as at 31 March		
In Taka	Net balance at 1 April	Recognised in profit/(loss)	Recognized in OCI	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Right-of-use assets	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Net deferred tax assets/(liabilities)	-	-	-	-	-	-

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B. Computation of deferred tax

31 March 2024

In Taka	Accounting base	Tax base	Deductible/ (taxable) temporary difference	Applicable tax rate	Deferred tax asset/(liability)
Property, plant and equipment	732,082,159	670,377,184	(61,704,975)	12.0%	(7,404,597)
Employee benefits	(45,934,620)	-	45,934,620	12.0%	5,512,154
Right-of-use assets	816,594,457	-	(816,594,457)	12.0%	(97,991,335)
Lease liabilities	(896,519,131)	-	896,519,131	12.0%	107,582,296
	606,222,865	670,377,184	64,154,319		7,698,518

31 March 2023

In Taka	Accounting base	Tax base	Deductible/ (taxable) temporary difference	Applicable tax rate	Deferred tax asset/(liability)
Property, plant and equipment	-	-	-	12.0%	-
Employee benefits	-	-	-	12.0%	-
Right-of-use assets	-	-	-	12.0%	-
Lease liabilities	-	-	-	12.0%	-
	-	-	-		-

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28. Employee benefits

See accounting policy in Note 41(C).

In Taka	31 March 2024	31 March 2023
Net defined benefit asset	-	-
Net defined benefit liability	**167,294,356**	121,359,736
Net defined benefit (asset)/liability	**167,294,356**	121,359,736
Current	**15,359,562**	17,305,660
Non-current	**151,934,794**	104,054,076
Balances as at 31 March	**167,294,356**	121,359,736

A. Movement in net defined benefit (asset)/liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset)/liability and its components.

	Defined benefit obligation		Fair value of plan assets		Net defined (asset)/liability	
In Taka	2024	2023	2024	2023	2024	2023
Balances as at 1 April	**121,359,736**	102,319,015	-	-	**121,359,736**	102,319,015
Included in profit or loss						
Current service cost	**41,300,449.00**	19,782,743	-	-	**41,300,449**	19,782,743
Interest cost	**10,702,526**	7,464,748	-	-	**10,702,526**	7,464,748
Interest income	-	-	-	-	-	-
	52,002,975	27,247,491	-	-	**52,002,975**	27,247,491
Included in OCI						
Actuarial (gain)/loss arising from:						
-demographic assumption	-	-	-	-	-	-
-financial assumption	**(62,419,340.00)**	-	-	-	**(62,419,340)**	-
-experience adjustment	**72,987,932**	3,792,611	-	-	**72,987,932**	3,792,611
Return on plan asset excluding interest income	-	-	-	-	-	-
	10,568,592	3,792,611	-	-	**10,568,592**	3,792,611
Other						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	**(16,636,947)**	(11,999,381)	-	-	**(16,636,947.00)**	(11,999,381.00)
	(16,636,947)	(11,999,381)	-	-	**(16,636,947)**	(11,999,381)
Balances as at 31 March	**167,294,356**	121,359,736	-	-	**167,294,356**	121,359,736

B. Actuarial assumption

The followings were the principal actuarial assumptions at the reporting date :

	2024	2023
Discount rate	**12.50%**	8.80%
Future salary growth	**6.00%**	6.00%

Assumptions regarding future mortality have been used based on published statistics and mortality tables. As there is no published mortality table in Bangladesh hence a mortality table called Indian Assured Lives 2012-2014 Ultimate for active employees in service is being used as a reasonable approximation. This table is based on the experience of assured lives in India during the years 2012 to 2014.

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29. Lease liabilities

See accounting policy in note 41(M).

A. Reconciliation of carrying amount

In Taka	31 March 2024	31 March 2023
Opening balance	-	-
New lease additions	967,973,457	-
Imputed interest on lease liabilities	87,617,334	-
Reassessment adjustment	-	-
Effect of modification to lease terms	-	-
Payment on lease liabilities	(159,071,660)	-
Closing balance	**896,519,131**	**-**

B. Amounts recognised in the statement of financial position

Current	27,117,000	-
Non-current	869,402,130	-
Closing balance	**896,519,130**	**-**

C. Amounts recognised in profit or loss

	For the year ended 31 March	
In Taka	2024	2023
Interest on lease liabilities	87,617,334	-
Depreciation on right of use assets	96,606,652	-

D. Amounts recognised in the statement of cash flows

Payment of interest expense on lease liabilities	87,617,334	-
Payment of principal portion	71,454,326	-
	159,071,660	-

E. Reconciliation of rental expenses with lease interest and RoU depreciation

Rental expense reversed	(159,071,660)	-
Interest expenses on lease liability	87,617,334	-
Depreciation on right-of-use assets	71,454,326	-

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30. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The following table shows the carrying amounts and fair values (where applicable) of financial assets and financial liabilities including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 March 2024		Carrying amount						
In Taka	*Note*	Fair value hedging instruments	Mandatorily at fair value - others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets not measured at fair value								
Trade and other receivables	*18&19*	-	-	-	-	**1,368,722,029**	-	**1,368,722,029**
Cash and cash equivalents	*21*	-	-	-	-	**1,022,896,265**	-	**1,022,896,265**
		-	-	-	-	**2,391,618,294**	-	**2,391,618,294**
Financial liabilities not measured at fair value								
Loans and borrowings	*23*	-	-	-	-	**(213,702,826)**	-	**(213,702,826)**
Bank overdraft	*24*	-	-	-	-	**(8,806,323)**	-	**(8,806,323)**
Trade and other payables	*25&26*	-	-	-	-	**(1,874,750,328)**	-	**(1,874,750,328)**
Lease liabilities	*29*	-	-	-	-	**(896,519,131)**	-	**(896,519,131)**
		-	-	-	-	**(2,993,778,608)**	-	**(2,993,778,608)**

31 March 2023		Carrying amount						
In Taka	*Note*	Fair value hedging instruments	Mandatorily at fair value - others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortised cost	Other financial liabilities	Total
Financial assets not measured at fair value								
Trade and other receivables	*18&19*	-	-	-	-	1,351,024,153	-	1,351,024,153
Cash and cash equivalents	*21*	-	-	-	-	482,192,247	-	482,192,247
		-	-	-	-	1,833,216,400	-	1,833,216,400
Financial liabilities not measured at fair value								
Loans and borrowings	*23*	-	-	-	-	(271,092,219)	-	(271,092,219)
Bank Overdraft	*24*	-	-	-	-	(10,927,570)	-	(10,927,570)
Trade and other payables	*25&26*	-	-	-	-	(2,113,470,813)	-	(2,113,470,813)
Lease liabilities	*29*	-	-	-	-	-	-	-
		-	-	-	-	(2,395,490,602)	-	(2,395,490,602)

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

B. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk (see (B)(ii));
- Liquidity risk (see (B)(iii)); and
- Market risk (see (B)(iv)).

i. Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

ii. Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Impairment losses on financial assets recognised in profit or loss were as follows:

In Taka	**2024**	**2023**
Impairment loss on trade receivables	-	-
	-	-

(a) Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country or area in which customers operate.

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30. Financial instruments - Fair values and risk management (continued)
B. Financial risk management (continued)
***ii.* Credit risk (continued)**

(a) Trade and other receivables (continued)

Exposure to credit risk

At 31 March 2023, the maximum exposure to credit risk for trade and other receivables by product type and geographic region was as follows

In Taka	31 March 2024	31 March 2023
Foreign Export	**69,477,666**	87,200,151
Total	**69,477,666**	87,200,151

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31 March 2024.

31 March 2024 *In Taka*	Weighted-average lose rate	Gross carrying amount	Loss allowance	Credit impaired
Current (not past due)	**0%**	-	-	-
1–30 days past due	**0%**	-	-	-
31–60 days past due	**0%**	**69,477,666**	-	-
61–90 days past due	**0%**	-	-	-
More than 90 days past due	**0%**	-	-	-
		69,477,666	-	-

31 March 2023 *In Taka*	Weighted-average lose rate	Gross carrying amount	Loss allowance	Loss allowance
Current (not past due)	0%	-	-	-
1–30 days past due	0%	-	-	-
31–60 days past due	0%	58,121,386	-	-
61–90 days past due	0%	-	-	-
More than 90 days past due	0%	29,078,765	-	-
		87,200,151	-	-

Note: *The company is a 100% export oriented company and bonded to the custom authority and Bangladesh Bank to receive all the receivables generated from sales. The Company invoiced to the Pearl Global (HK) limited for all sales and Pearl Gobal (HK) limited are responsible to collect all the balances.For that, the entity doesn't have any history of bad-debt loss.*

(b) Cash and cash equivalents

The Company held cash and cash equivalents of Taka 1,022,896,265 at 31 March 2024 (2023: Taka 482,192,247).

(c) Guarantees

The Company is provided financial guarantees of Taka 2,079,601 as at 31 March 2024 (at 31 March 2023: Taka 2,079,601) by HSBC to clear the goods from customs.

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30. **Financial instruments - Fair values and risk management (continued)**
B. **Financial risk management (continued)**
iii. **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the parent in the form of shareholder's loan/capital contribution.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

At 31 March 2024			Contractual cash flows					
In Taka	*Note*	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans and borrowing	23	222,509,149	222,509,149	222,509,149	-	-	-	-
Trade and other payables	25&26	1,874,750,328	1,874,750,328	1,126,951,785	715,558,200	5,543,351	21,106,302	5,590,690
Lease liabilities	29	896,519,131	896,519,131	44,825,957	179,303,826	268,955,739	358,607,652	44,825,957
		2,993,778,608	2,993,778,608	1,394,286,891	894,862,026	274,499,090	379,713,954	50,416,647

At 31 March 2023			Contractual cash flows					
In Taka	*Note*	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Loans and borrowing	23	282,019,789	282,019,789	55,927,570	226,092,219	-	-	-
Trade and other payables	25&26	1,965,074,480	1,965,074,480	985,771,422	977,433,402	1,869,656	-	-
Lease liabilities	29	-	-	-	-	-	-	-
		2,247,094,269	2,247,094,269	1,041,698,992	1,203,525,621	1,869,656	-	-

30. Financial instruments - Fair values and risk management (continued)
B. Financial risk management (continued)
***iv.* Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a. Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which purchases and sales are denominated and the functional currency of Company. The functional currency of the Company is Bangladesh Taka or BDT. The currency in which these transactions are primarily denominated is Taka and US dollars.

Exposure to currency risk
The summary quantitative data about the Company's exposure to currency risk is as follows.

In USD	**2024**	**2023**
Trade receivables due from third parties	**631,615**	12,036,419
Trade receivables due from related parties	**10,288,430**	11,489,309
	10,920,045	23,525,728
Trade payables due to third parties	**9,432,691**	11,386,961
Trade payables due to related parties	**2,268,745**	2,480,960
	11,701,436	13,867,921
Net financial position exposure	**22,621,481**	37,393,649

The following significant exchange rates have been applied.

	Average rate		**Year-end spot rate**	
In taka	**2024**	**2023**	**2024**	**2023**
USD 1	**109**	98	**110**	105

b. Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates. Foreign currency liabilities of the Company are not significantly affected by fluctuations in interest rates. The Company has not entered into any agreement involving derivative instrument at the reporting date.

Exposure to interest rate risk
At 31 March, the interest rate profile of the Company's interest bearing financial instruments is as follows:

		Nominal amount	
In Taka	***Note***	**2024**	**2023**
Fixed-rate instruments			
Financial assets		-	-
Financial liabilities:			
Loans and borrowings	23	**213,702,826**	271,092,219
		213,702,826	271,092,219
Variable-rate instruments			
Financial assets		-	-
Financial liabilities		-	-
		-	-

The following significant interest rates have been applied.

	Interest rate	
	2024	**2023**
Loans and borrowing	**5% - 13.11%**	3.5% - 9%

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31. Related parties

A. Parent and ultimate controlling party

B. Transactions with key management personnel

Key management personnel compensation	For the year ended 31 March 2024	
In Taka	**2024**	**2023**
Short-term employee benefits	**2,228,400**	2,971,200
Post-employment benefits	**-**	-
	2,228,400	2,971,200

Number of Directors who were paid remuneration during the year was 1 (2023: 1). Compensation of the Company's key management personnel includes salaries, non-cash benefits and post-employment benefits.

C. Other related party transactions

Name of related party	Nature of relationships	Transaction values for the year ended 31 March		Balance outstanding as at 31 March (Intercompany receivable)		Balance outstanding as at 31 March (Intercompany payable)	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**
Revenue							
Pearl Global Industries Ltd	Parent Company	**-**	-	**60,237,760**	59,286,076	**-**	2,293,330
Pearl Global HK Ltd	Group Company	**9,761,275,658**	7,695,270,904	**1,068,690,400**	858,454,619	**200,447,139**	193,571,364
Pearl Grass Creations Ltd	Group Company	**1,427,674,119**	1,389,582,889	**-**	78,037,035	**-**	-
Pearl Global Industries Ltd FZCO	Group Company	**123,038,155**	-	**1,302,996**	-	**-**	-
Purchase of goods							
Pearl Global Industries Ltd	Parent Company	**-**	6,355,141	**-**	-	**-**	-
Pearl Global (HK) Ltd	Group Company	**-**	-	**-**	-	**-**	-
Pearl Grass Creation Ltd	Parent Company	**-**	-	**1,496,141**	-	**-**	-
DSSP Global Ltd	Group Company	**470,069,103**	-	**-**	-	**49,114,893**	64,636,151
Prudent Fashions Ltd	Group Company	**-**	-	**-**	248,951,674	**-**	-
Alpha Clothing Ltd	Parent Company	**-**	-	**-**	19,094,598	**-**	-
		11,782,057,035	9,091,208,934	**1,131,727,297**	1,263,824,002	**249,562,032**	260,500,845

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32. Licensed capacity, installed capacity and actual production

There exists no licensed capacity as such.

Category	Installed Capacity (In Pcs basis)	Actual Production - MT (Multiple shift basis) 2024	2023
Unit 1	**6,840,000**	**5,960,324**	3,964,275
Unit 2	**14,640,000**	**14,128,942**	11,996,116

33. Capital management

Capital management refers to implementing policies and measures to maintain sufficient capital, assessing Company's internal capital adequacy to ensure Company's operation as a going concern. Capital consists of share capital and retained earnings. All major investment and operational decisions with exposure to certain amount are evaluated and approved by the management. The board of directors monitors the level of dividends to ordinary shareholders. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The board of directors monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

The Company's net debt to adjusted equity ratio at 31 March was as follows.

In Taka	31 March 2024	31 March 2023
Total liabilities	**3,163,206,461**	2,370,472,921
Less: cash and cash equivalents	**(1,022,896,265)**	(482,192,247)
Net debt	**2,140,310,196**	1,888,280,674
Total equity	**2,899,775,724**	2,194,314,001
Less: hedging reserve	-	-
Adjusted equity	**2,899,775,724**	2,194,314,001
Net debt to adjusted equity ratio	**0.74**	0.86

34. Other expenditure in equivalent foreign currency

In Taka	31 March 2024	31 March 2023
Foreign travelling	-	11,833,314
	-	11,833,314

35. Value of dividend remitted with specific mention to non-residents

In Taka	31 March 2024	31 March 2023
Dividend	-	-
	-	-

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36. Contingent liabilities

A. Letter of Credit

There are contingent liabilities of Taka 993,651,505 (2023: Taka 986,446,291) on account of letters of credit issued by HSBC, SCB and UCBL respectively in favor of the Company.

B. Bank Guarantee

The Company provide financial guarantees of Taka 29,682,980 (2023: Taka 25,671,500) by HSBC in favor of Norp Knit Industries Limited for Gas connection and insurance.

37. Commitments

As of 31 March 2024, the company don't have any financial commitment.

38. Number of employees

The number of permanent employees engaged for the whole period or part thereof who received a total remuneration of Taka 36,000 and above per year was 7,681 (2023: 7,457).

39. Events after the reporting date

There is no other significant event after the reporting period that requires either disclosure of or adjustment to these financial statements.

40. Basis of measurement

The financial statements of the Company have been prepared on historical cost basis except for net defined benefit asset/ liability (employee benefits) for which the measurement basis is the fair value of plan assets less the present value of the defined benefit obligation and inventories which are measured at lower of cost and net realised value (LCNRV), as explained in Note 41(F) and 41(C) respectively.

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41. Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

In addition, the Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 April 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 42 in certain instances.

Certain comparative amounts in the statement of profit or loss and OCI have been rearranged whenever considered necessary to conform to current period's presentation.

Set out below is an index of the material accounting policies, the details of which are available on the following pages:

A. Foreign currency
B. Revenue from contracts with customers
C. Employee benefits
D. Finance income and finance costs
E. Income tax
F. Inventories
G. Property, plant and equipment
H. Capital work-in-progress
I. Financial instruments
J. Share capital
K. Impairment
L. Provisions
M. Leases
N. Operating profit
O. Events after the reporting period

A. Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences arising on translation are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

B. Revenue from contracts with customers

i. Sale of goods

The Company recognises as revenue the amount that reflects the consideration to which the Company expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer. To achieve that core principle, this standard establishes a five-step model as follows:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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41. Material accounting policies (continued)

B. Revenue from contracts with customers (continued)

***i.* Sale of goods (continued)**

Considering the five steps model, the Company recognises revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. Goods is considered as transferred when (or as) the customer obtains control of that goods. Revenue from sale of goods is measured at the fair value of the consideration received or receivable net of returns, trade discounts and volume rebates.

ii. Other income

Sale of scrap and wastage at plant and other non-productive materials are recognised in the profit or loss as other income. Moreover, gain and losses on sale of property, plant and equipment are also recognised as other income or expense.

C. Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Defined benefit plan (gratuity)

Defined benefit plan is a retirement benefit plan under which amounts to be paid as retirement benefits are determined by reference to employees' earnings and/or year of services. The recognised Employees' Gratuity Fund is considered a defined benefit plan when it meets the recognition criteria. The Company's obligation is to provide the agreed benefits to current employees as per condition of the fund.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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41. Material accounting policies (continued)

D. Finance income and finance costs

The company's finance income and expense costs include:
- interest income;
- interest expense;
- the foreign currency gain and loss on financial assets and financial liabilities; and
- interest on lease liability

Net finance income/ costs are recognised in the profit or loss.

E. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Provision for current tax expense has been made on the basis of Income Tax Act, 2023 (as amended to date). Current tax also includes any tax arising from dividends.

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

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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41. Material accounting policies (continued)

E. Income tax (continued)

ii. Deferred tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Deferred tax assets and liabilities are offset only if certain criteria are met. Deferred tax assets and liabilities are offset if there is legally enforceable right to offset deferred tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

F. Inventories

Category	Basis of valuation	Costing method
Finished goods	At the lower of cost and net realisable value	Weighted average method
Raw and packing materials	At cost	Weighted average method
Goods in transit	At cost	Not applicable

The cost of inventories is based on the above principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Goods in transit represents the cost incurred up to date of the statement of financial position for the items that were not received till the date of statement of financial position.

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41. Material accounting policies (continued)

G. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing cost (if any), less accumulated depreciation and any accumulated impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the assets.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

Items of property, plant and equipment are depreciated from the month they are available for use while no depreciation is charged for the month in which an asset is disposed of.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated except for leasehold land.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

• Building & civil works	5-10 years
• Plant & machinery	3-10 years
• Office equipments & computers	3-10 years
• Factory equipments	5-10 years
• Telephone installation & connection	5-10 years
• Air conditioners	5-10 years
• Fire extinguisher	3-10 years
• Electrical installation	5-10 years
• Furniture and fixture	3-10 years
• Vehicles	5-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Impairment

An assessment is made before the end of each annual accounting period to determine whether there is any indication that any of the Company's property, plant and equipment is impaired.

H. Capital work-in-progress

Capital work-in-progress represents the cost incurred for acquisition and/or construction of items of property, plant and equipment that are not ready for use. Capital work-in-progress is recorded at cost to the extent of expenditure incurred to the date of statement of financial position. The amount of capital work-in-progress is transferred to appropriate asset category and depreciated when the asset is completed and commissioned.

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41. Material accounting policies (continued)

I. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i. Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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41. Material accounting policies (continued)

I. Financial instruments (continued)

***ii.* Classification and subsequent measurement (continued)**

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets includes cash and cash equivalents and trade and other receivables.

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41. Material accounting policies (continued)
I. Financial instruments (continued)
***ii.* Classification and subsequent measurement (continued)**

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all cash deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(b) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liability

All financial liabilities are recognised initially on the transaction date at which the Company becomes a party to the contractual provisions of the liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities include trade and other payables, loans and borrowings and bank overdraft (if any).

(a) Trade and other payables

The Company recognises a trade and intercompany payables 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.

(b) Interest-bearing loans and borrowings

Principal amounts of the loans and borrowings are stated at cost. Borrowings repayable after twelve months from the date of statement of financial position are classified as non-current liabilities whereas the portion of borrowings repayable within twelve months from the date of statement of financial position, unpaid interest and other charges are classified as current liabilities.

(c) Bank overdraft

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

J. Share capital

Only ordinary shares are classified as equity. Incremental cost directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Paid up share capital represents total amount contributed by the shareholders Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings.

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41. Material accounting policies (continued)

K. Impairment

i. Non-derivative financial assets

Financial assets not classified as at FVTPL, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset which can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the entity on terms that the entity would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

ii. Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill (if any) is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. For this purpose the entity may be considered as single cash generating unit. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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41. Material accounting policies (continued)

L. Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision is ordinarily measured at the best estimate of the expenditure required to settle the present obligation at the date of statement of financial position. Where the effect of time value of money is material, the amount of provision is measured at the present value of the expenditures expected to be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

M. Leases

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

The lease liabilities is subsequently increased by the interest cost on the lease liabilities and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

N. Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

O. Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date or those that indicate the going concern assumption is not appropriate are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

42. Going concern

The financial statements of the Company are prepared on a going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon Company's ability to continue as a going concern. The management do not see any issue with respect to going concern due to COVID-19, natural disasters, inflation and geopolitical events like the Ukraine-Russia conflict. Besides, the management is not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern, which is most unlikely though yet considering overall perspectives.

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43. Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual periods beginning after 1 April 2023 and earlier application is permitted; however, the Company has not early adopted the following new or amended accounting standards in preparing these financial statements.

A. Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1);
B. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7); and
C. Other accounting standards.

The following new and amended accounting standards are not expected to have a significant impact on the Company's financial statements:

- *Lease Liability in a Sale and Leaseback (Amendments to IFRS 16); and*
- *Lack of Exchangeability (Amendments to IAS 21).*

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