

**Norp Knit Industries Ltd.**

Independent auditor's report and financial statements  
as at and for the year ended 31 March 2026



## Rahman Rahman Huq

### Chartered Accountants

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## Independent Auditor's Report

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### To the Shareholders of Norp Knit Industries Ltd.

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the financial statements of Norp Knit Industries Ltd. ("the Company"), which comprise the statement of financial position as at 31 March 2026 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2026, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

#### **Basis for Opinion**

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

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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



### **Independent Auditor's Report (continued)**

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of accounts and returns.



Md. Tazul Islam, Partner  
Enrolment Number: 1296  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh  
Firm Enlistment Number: CAF-001-080

Dhaka, **03 MAY 2026**

DVC: **260503 1296 AS 938309**



**Norp Knit Industries Ltd.**  
**Statement of financial position**

<i>In Taka</i>	<i>Note</i>	<b>31 March 2026</b>	<b>31 March 2025</b>
<b>Assets</b>			
Property, plant and equipment	11(C)	1,342,822,058	1,155,403,660
Capital work-in-progress	11(C)	987,584,371	287,886,340
Intangible assets	11(C)	380,264	490,514
Right-of-use assets	12	1,190,562,704	1,250,777,438
Investment in preference shares	13	110,200,000	110,200,000
Investment in fixed deposit receipts	14	3,890,300	3,890,300
Deferred tax assets	25	57,963,797	27,923,831
<b>Non-current assets</b>		<b>3,693,403,494</b>	<b>2,836,572,083</b>
Inventories	15	2,240,502,198	1,986,197,282
Trade and other receivables - external	17	113,419,381	587,424,026
Trade and other receivables - inter-company	18	712,591,111	755,947,882
Investment in fixed deposit receipts	14	115,799,334	87,942,737
Advances, deposits and prepayments	19	315,439,220	205,266,167
Cash and cash equivalents	20	1,293,829,463	865,833,950
<b>Current assets</b>		<b>4,791,580,707</b>	<b>4,488,612,044</b>
<b>Total assets</b>		<b>8,484,984,201</b>	<b>7,325,184,127</b>
<b>Equity</b>			
Share capital	21	338,123,100	338,123,100
Share based payment reserve		43,418,698	37,732,812
Retained earnings		3,254,722,882	2,975,712,923
<b>Total equity</b>		<b>3,636,264,680</b>	<b>3,351,568,835</b>
<b>Liabilities</b>			
Loans and borrowings	22	407,513,597	140,916,667
Employee benefits	26	390,238,294	240,695,374
Lease liabilities	27	1,317,654,440	1,317,735,771
<b>Non-current liabilities</b>		<b>2,115,406,331</b>	<b>1,699,347,812</b>
Loans and borrowings	22	143,668,738	36,855,485
Trade and other payables - external	23	2,261,318,849	1,945,419,602
Trade and other payables - inter-company	24	240,271,908	206,378,833
Employee benefits	26	30,325,369	20,293,659
Lease liabilities	27	55,528,607	63,120,176
Net current tax liabilities	16	2,199,719	2,199,725
<b>Current liabilities</b>		<b>2,733,313,190</b>	<b>2,274,267,480</b>
<b>Total liabilities</b>		<b>4,848,719,521</b>	<b>3,973,615,292</b>
<b>Total equity and liabilities</b>		<b>8,484,984,201</b>	<b>7,325,184,127</b>

*The notes on pages 8 to 41 are an integral part of these financial statements.*

Note: Under section 189 of the companies act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements

Director

As per our report of same date.

Auditor

Dhaka,

**03 MAY 2026**

**Md. Tazul Islam, Partner**  
 Enrolment Number: 1296  
 Rahman Rahman Huq  
 Chartered Accountants  
 KPMG in Bangladesh  
 Firm Enlistment Number: CAF-001-080

DVC:

**2605031296AS938309**



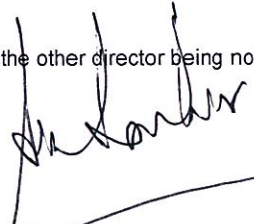
**Norp Knit Industries Ltd.**

**Statement of profit or loss and other comprehensive income**

For the year ended <i>In Taka</i>	<i>Note</i>	31 March 2026	31 March 2025
Revenue	5	14,658,135,742	14,414,567,257
Cost of sales	6	(11,833,469,059)	(11,744,581,627)
<b>Gross profit</b>		<b>2,824,666,683</b>	2,669,985,630
Other income/(expense)	7	6,925,237	(1,663,194)
Administrative, selling and distribution expenses	8	(1,863,059,632)	(1,581,081,761)
<b>Operating profit</b>		<b>968,532,288</b>	1,087,240,675
Finance income	9	24,782,644	21,893,953
Finance costs	9	(138,843,974)	(134,309,598)
<b>Net finance costs</b>		<b>(114,061,330)</b>	(112,415,645)
<b>Profit before tax</b>		<b>854,470,958</b>	974,825,030
Deferred tax income	10	19,823,992	13,507,410
Current tax expense	10	(158,537,549)	(153,397,069)
<b>Profit for the year</b>		<b>715,757,401</b>	834,935,371
<b>Other comprehensive income</b>			
Remeasurement of defined benefit liabilities	26	(85,133,117)	(55,982,526)
Related tax	25	10,215,974	6,717,903
<b>Other comprehensive income for the year, net of tax</b>		<b>(74,917,143)</b>	(49,264,623)
<b>Total comprehensive income for the year</b>		<b>640,840,258</b>	785,670,748

The notes on pages 8 to 41 are an integral part of these financial statements.

Note: Under section 189 of the companies act 1994: Only one director has signed, the other director being not present in Bangladesh at the time of signing these financial statements

  
\_\_\_\_\_  
Director

As per our report of same date.

Dhaka,

**03 MAY 2026**



\_\_\_\_\_  
Auditor

**Md. Tazul Islam, Partner**  
Enrolment Number: 1296  
Rahman Rahman Huq  
Chartered Accountants  
KPMG in Bangladesh  
Firm Enlistment Number: CAF-001-080

DVC: **2605031296AS938309**



**Norp Knit Industries Ltd.**  
**Statement of changes in equity**

For the year ended	Share capital	Share based payment reserve	Retained earnings	Total
<i>In Taka</i>				
<b>Balance at 1 April 2024</b>	338,123,100	26,854,457	2,534,798,167	2,899,775,724
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	834,935,371	834,935,371
Other comprehensive income for the year	-	-	(49,264,623)	(49,264,623)
<b>Total comprehensive income for the year</b>	-	-	785,670,748	785,670,748
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Share based payment	-	10,878,355	-	10,878,355
Dividends	-	-	(344,755,992)	(344,755,992)
<b>Total transactions with owners of the Company</b>	-	10,878,355	(344,755,992)	(333,877,637)
<b>Balance at 31 March 2025</b>	338,123,100	37,732,812	2,975,712,923	3,351,568,835
<b>Balance at 1 April 2025</b>	338,123,100	37,732,812	2,975,712,923	3,351,568,835
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	715,757,401	715,757,401
Other comprehensive income for the year	-	-	(74,917,143)	(74,917,143)
<b>Total comprehensive income for the year</b>	-	-	640,840,258	640,840,258
<b>Transactions with owners of the Company</b>				
<b>Contributions and distributions</b>				
Share based payment	-	5,685,886	-	5,685,886
Dividends	-	-	(361,830,299)	(361,830,299)
<b>Total transactions with owners of the Company</b>	-	5,685,886	(361,830,299)	(356,144,413)
<b>Balance at 31 March 2026</b>	338,123,100	43,418,698	3,254,722,882	3,636,264,680

*The notes on pages 8 to 41 are an integral part of these financial statements.*



**Norp Knit Industries Ltd.**  
**Statement of cash flows**

<i>In Taka</i>	<i>Note</i>	<b>For the year ended 31 March</b>	
		<b>2026</b>	<b>2025</b>
<b>Cash flows from operating activities</b>			
Profit for the year		715,757,401	834,935,371
Adjustment for:			
- Depreciation on property, plant and equipment	11	187,406,364	144,883,173
- Amortization on intangible asset	11	110,250	110,250
- Depreciation on right-of-use assets	12	126,120,138	105,843,815
- Loss on sale of tangible assets	7	474,248	4,214,180
- Gain on lease modification	7	(6,004,453)	(1,154,486)
- Gain on lease termination	7	(1,395,032)	(1,396,500)
- Share-based payments	8	5,685,885	10,878,355
- Net finance costs	9	114,061,330	112,415,645
- Tax expense	10	138,713,557	139,889,659
		<b>1,280,929,688</b>	<b>1,350,619,462</b>
Changes in:			
- Inventories		(254,304,916)	(385,658,427)
- Trade and other receivables		474,004,643	(350,429,295)
- Inter-company receivables		43,356,771	375,779,415
- Advances and prepayments		(110,173,053)	(39,827,697)
- Trade and other payables		315,899,247	320,231,306
- Inter-company payables		33,893,075	(43,183,199)
- Investment in Fixed Deposit Receipt		(27,856,597)	(26,117,860)
- Employee benefits		74,441,513	37,712,151
Cash generated from operating activities		<b>1,830,190,371</b>	<b>1,239,125,856</b>
Payment of interest on lease liabilities	27(D)	(128,522,007)	(107,122,729)
Income taxes paid	16(A)	(158,537,555)	(153,330,844)
<b>Net cash generated from operating activities</b>		<b>1,543,130,809</b>	<b>978,672,283</b>
<b>Cash flows from investing activities</b>			
Interest received	9(A)	24,782,644	21,893,953
Proceeds from sale of property, plant and equipment		270,996	1,998,742
Acquisition of property, plant and equipment		(1,075,268,037)	(689,808,448)
<b>Net cash used in investing activities</b>		<b>(1,050,214,397)</b>	<b>(665,915,753)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings	22(C)	612,734,722	275,214,687
Repayment of loans and borrowings	22(C)	(239,324,539)	(311,145,360)
Interest paid		(10,321,968)	(27,186,869)
Dividend paid		(361,830,299)	(344,755,992)
Payment of lease liabilities (principal portion)	27(D)	(66,178,815)	(53,138,989)
<b>Net cash used in financing activities</b>		<b>(64,920,899)</b>	<b>(461,012,522)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>427,995,513</b>	<b>(148,255,992)</b>
Opening balances		865,833,950	1,014,089,942
<b>Closing balances</b>	20	<b>1,293,829,463</b>	<b>865,833,950</b>

The notes on pages 8 to 41 are an integral part of these financial statements.



## Norp Knit Industries Ltd.

### Notes to the financial statements

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#### 1. Reporting entity

Norp Knit Industries Ltd. ("the Company") 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 Khaikur, 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 ~~03 MAY 2026~~

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 38.

#### 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 27: 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 11: Useful life of property, plant and equipment



**Notes to the financial statements (continued)**

**5. Revenue**

See accounting policy in Note 38(B).

<i>In Taka</i>	For the year ended 31 March	
	2026	2025
Revenue	14,658,135,742	14,414,567,257
<b>Total revenue</b>	<b>14,658,135,742</b>	<b>14,414,567,257</b>

Revenue has been generated from woven and knit items. Product includes T-shirt, Polo shirt, ladieswear, Men's trouser etc.

**6. Cost of sales**

<i>In Taka</i>	<i>Note</i>	For the year ended 31 March	
		2026	2025
<b>Materials consumed:</b>			
Opening stock of raw and packing materials	15	806,481,292	582,352,437
Purchases during the year		8,874,148,300	9,105,966,404
Closing stock of raw and packing materials	15	(1,136,847,890)	(806,481,292)
<b>Total materials consumed</b>		<b>8,543,781,702</b>	<b>8,881,837,549</b>
<b>Direct and manufacturing overhead costs:</b>			
Salaries, wages and bonuses		2,028,722,323	1,834,564,348
Retirement benefits		50,498,959	33,001,801
Workers welfare expenses		7,019,689	6,160,267
Employee benefit expenses		233,051	913,903
Clearing & forwarding - inward charges		124,389,477	165,044,332
Compliance expenses		13,444,912	18,355,455
Consumables		15,317,958	74,301,610
Factory rent		206,162,820	174,661,455
Rent adjustment		(205,556,958)	(171,580,278)
Inspection charges		6,655,387	11,589,551
Insurance - general		21,580,324	17,172,144
Insurance - marine cargo		22,302,166	21,353,651
L/C charges for inputs		23,983,408	22,411,197
Machinery hire charges		22,904,640	14,172,254
Overhead expenses		18,230,629	26,080,961
Power & fuel		309,106,564	277,950,238
Stores and spares		265,127,996	292,344,315
Testing charges		36,891,588	32,094,724
Depreciation expenses on PPE- cost of sales	11(B)	120,493,924	105,326,255
Depreciation on right-of-use asset- cost of sales	11(B)	125,344,569	104,753,498
Other expenses		1,125,545	1,557,894
<b>Total direct and manufacturing overhead costs</b>		<b>3,213,978,971</b>	<b>3,062,229,575</b>
<b>Prime costs</b>		<b>11,757,760,673</b>	<b>11,944,067,124</b>
Opening stock of work in progress	15	1,081,523,210	776,342,778
Closing stock of work in progress	15	(951,220,398)	(1,081,523,210)
<b>Cost of goods manufactured</b>		<b>11,888,063,485</b>	<b>11,638,886,692</b>
Opening stock of finished goods	15	93,610,774	199,305,707
Closing stock of finished goods	15	(148,205,200)	(93,610,774)
<b>Cost of sales</b>		<b>11,833,469,059</b>	<b>11,744,581,627</b>



**Notes to the financial statements (continued)**

**7. Other income/(expense)**

<i>In Taka</i>	For the year ended 31 March	
	2026	2025
Gain on lease modification	6,004,453	1,154,486
Gain on termination of Lease	1,395,032	1,396,500
Loss on sale of tangible assets	(474,248)	(4,214,180)
	<b>6,925,237</b>	<b>(1,663,194)</b>

**8. Administrative, selling and distribution expenses**

<i>In Taka</i>	Note	For the year ended 31 March	
		2026	2025
Salaries, wages and bonuses		1,267,398,589	1,016,905,916
Retirement benefits		40,857,764	21,619,864
Share-based payments		5,685,886	10,878,355
Audit fees - external		2,699,050	2,696,750
Audit fees - internal		2,643,878	2,665,200
Legal and professional fees		8,273,851	7,795,840
Clearing & forwarding - outward		122,614,348	123,743,625
Courier expenses		96,098,734	102,530,042
Entertainment expenses		4,069,333	4,584,458
Telephone and postage expenses		16,612,554	9,477,317
Travel and conveyances		39,863,404	60,116,787
Printing, stationery and postage		17,721,334	13,745,916
Vehicle maintenance & fuel expenses		78,798,285	70,711,826
Depreciation expense on PPE- operating expense	11(B)	66,912,440	39,556,918
Amortization on intangible asset- operating expense	11(B)	110,250	110,250
Depreciation on right-of-use asset-operating	12(B)	775,570	1,090,317
Rent adjustment		(840,054)	(660,000)
Rental expense (Short-term lease)		1,051,677	1,298,714
Bank charges		51,714,317	42,322,050
Other expenses		39,998,422	49,891,616
		<b>1,863,059,632</b>	<b>1,581,081,761</b>

**9. Net finance costs**

See accounting policy in Note 38(D).

<i>In Taka</i>	Note	For the year ended 31 March	
		2026	2025
Finance income	9(A)	(24,782,644)	(21,893,953)
Finance costs	9(B)	138,843,974	134,309,598
		<b>114,061,330</b>	<b>112,415,645</b>

**A. Finance income**

Interest Income on fixed deposit receipts	24,782,644	21,893,953
	<b>24,782,644</b>	<b>21,893,953</b>



**Notes to the financial statements (continued)**

**9. Net finance costs (continued)**

<i>In Taka</i>	<i>Note</i>	For the year ended 31 March	
		2026	2025
<b>B. Finance costs</b>			
Interest expenses	9(B)(i)	138,843,974	134,309,598
		<b>138,843,974</b>	<b>134,309,598</b>
<b>i. Interest expenses</b>			
Interest on term loans		8,477,680	23,854,447
Imputed interest on lease liabilities		128,522,006	107,122,729
Interest on working capital loans		1,844,288	3,332,422
		<b>138,843,974</b>	<b>134,309,598</b>

**10. Income tax expense**

See accounting policy in Note 38(E).

**A. Amounts recognised in profit or loss:**

<i>In Taka</i>	<i>Note</i>	For the year ended 31 March	
		2026	2025
<b>Current tax expenses</b>			
Current year	16(B)	148,291,008	142,300,952
Changes in estimates related to prior year	16(B)	10,246,541	11,096,117
		<b>158,537,549</b>	<b>153,397,069</b>
<b>Deferred tax expenses/(income)</b>			
(Origination) and reversal of temporary differences	25	(19,823,992)	(13,507,410)
		<b>(19,823,992)</b>	<b>(13,507,410)</b>
<b>Income tax expense</b>		<b>138,713,557</b>	<b>139,889,659</b>

**B. Amounts recognised in OCI:**

<i>In Taka</i>	<i>Note</i>	For the year ended 31 March	
		2026	2025
(Origination) and reversal of temporary differences	25	10,215,974	6,717,903
		<b>10,215,974</b>	<b>6,717,903</b>

**C. Reconciliation of effective tax rate**

<i>In taka</i>	2026		2025	
	Rate	Amount	Rate	Amount
Profit before tax		854,470,958		974,825,039
Income tax using tax rate	12.00%	102,536,515	12.00%	116,979,005
Factors affecting the tax charge for current year:				
Excess of accounting gain over fiscal gain on sale of	0.00%	-	0.00%	-
Accounting depreciation for separate consideration	0.53%	4,556,890	0.25%	2,454,242
Excess perquisites	0.03%	296,899	0.12%	1,208,661
Impact of IFRS 16	0.68%	5,789,416	0.67%	6,546,292
Provision service benefit	1.02%	8,757,122	0.46%	4,525,458
Wastage sales	0.00%	-	0.00%	-
Other adjustment	0.00%	-	0.02%	186,561
Minimum tax impact	3.08%	26,354,167	1.07%	10,400,734
Prior year adjustment(over)/under provision	1.20%	10,246,541	1.14%	11,096,117
Movement of temporary differences in deferred tax	-2.32%	(19,823,992)	-1.39%	(13,507,411)
	<b>16.23%</b>	<b>138,713,557</b>	<b>14.35%</b>	<b>139,889,659</b>

The company is an export oriented private limited company, operating as exporter and woven & knit garments manufacturer. As per SRO 44-law/Income Tax-25/2024 of National Board of Revenue (NBR), dated on 4 March 2024, the applicable tax rate is 12%, a reduced rate, which is applicable up to 30 June 2028 on its export income.



Notes to the financial statements (continued)

11. Property, plant and equipment and intangible assets  
See accounting policy in Note 38(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	191,396,945	1,255,463,265	38,727,977	153,946,135	87,581,456	102,926,117	2,867,150	17,890,930	10,590,690	25,942,584	16,141,191	173,096,252	2,076,570,692
Balance at 1 April 2024	143,442,086	169,558,760	54,648,680	41,349,965	17,076,371	119,366,133	-	3,364,875	-	26,211,492	-	562,775,265	1,137,793,627
Additions	-	-	-	-	-	-	-	-	-	-	-	(447,985,177)	(447,985,177)
Transfer from capital work-in-progress	-	(34,001,583)	-	-	(11,986,019)	(52,700)	-	-	-	-	-	-	(46,040,302)
Disposals	334,839,031	1,391,020,442	93,376,657	195,296,100	92,671,808	222,239,550	2,867,150	21,255,805	10,590,690	52,154,076	16,141,191	287,886,340	2,720,338,840
Balance at 31 March 2025	334,839,031	1,391,020,442	93,376,657	195,296,100	92,671,807	222,239,550	2,867,150	21,255,805	10,590,690	52,154,076	16,141,191	287,886,340	2,720,338,840
Additions	-	277,148,178	24,650,206	25,443,533	9,269,081	24,845,752	-	-	-	14,213,256	-	(360,139,557)	1,435,407,994
Transfer from capital work-in-progress	-	(52,804,963)	-	-	-	-	-	-	-	-	-	-	(52,804,963)
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2026	334,839,031	1,615,363,657	118,026,863	220,739,633	101,940,888	247,085,302	2,867,150	21,255,805	10,590,690	66,367,332	16,141,191	987,584,371	3,742,801,914
Accumulated depreciation and amortization	96,101,477	835,771,222	16,555,969	82,930,938	62,476,495	38,423,957	2,611,025	5,972,005	9,084,109	5,924,657	15,540,427	-	1,171,392,281
Balance at 1 April 2024	14,251,833	83,001,582	5,255,532	13,545,030	10,856,622	12,109,207	62,686	1,887,850	284,936	3,627,897	110,250	-	144,993,425
Depreciation	-	(27,794,824)	-	-	(11,979,856)	(52,700)	-	-	-	-	-	-	(39,827,380)
Disposals	110,353,310	890,977,980	21,811,501	96,475,968	61,353,261	50,480,464	2,673,711	7,859,855	9,369,045	9,552,554	15,650,677	-	1,276,558,326
Balance at 31 March 2025	20,800,446	890,977,980	21,811,501	96,475,968	61,353,261	50,480,464	2,673,711	7,859,855	9,369,045	9,552,554	15,650,677	-	1,276,558,326
Depreciation	-	97,137,854	9,166,406	16,020,183	12,604,564	23,970,473	59,500	2,028,897	233,835	5,384,204	110,250	-	187,516,612
Disposals	-	(52,059,718)	-	-	-	-	-	-	-	-	-	-	(52,059,718)
Balance at 31 March 2026	131,153,756	936,056,116	30,977,907	112,496,151	73,957,825	74,450,937	2,733,211	9,888,752	9,602,880	14,936,758	15,760,927	-	1,412,015,220
Carrying amounts	95,295,468	419,692,043	22,172,008	71,015,197	25,104,961	64,502,160	256,125	11,918,925	1,506,581	20,017,927	600,764	173,096,252	905,178,411
At 1 April 2024	224,485,721	500,042,462	71,565,156	66,820,132	31,318,547	171,759,086	193,439	13,395,950	1,221,645	42,601,522	490,514	287,886,340	1,443,780,514
At 31 March 2025	203,685,275	679,307,541	87,048,956	108,243,482	27,983,063	172,634,365	133,939	11,367,053	987,810	51,430,574	380,264	987,584,371	2,330,786,693
At 31 March 2026	-	-	-	-	-	-	-	-	-	-	-	-	-
In Taka	120,493,924	66,912,440	110,250	187,406,364	105,326,255	39,556,918	110,250	144,883,173	110,250	110,250	110,250	110,250	110,250
Cost of sales	-	-	-	-	-	-	-	-	-	-	-	-	-
Administrative, selling and distribution expenses	-	-	-	-	-	-	-	-	-	-	-	-	-



**Notes to the financial statements (continued)**

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

**C. Reconciliation of roll forward schedule**

<i>In Taka</i>	31 March 2026	31 March 2025
Property, plant and equipment	1,342,822,058	1,155,403,660
Capital work-in-progress	987,584,371	287,886,340
Intangible assets	380,264	490,514
	<b>2,330,786,693</b>	<b>1,443,780,514</b>

**12. Right-of-use assets**

See accounting policy in Note 38(M).

**A. Reconciliation of carrying amount**

<i>In Taka</i>	Buildings	Office Premises	Total
<b>Cost</b>			
Balance as at 1 April 2024	892,191,987	21,009,122	913,201,109
Additions	585,042,938	5,037,224	590,080,162
Effect of termination/modification of lease agreement	(16,001,115)	(21,009,124)	(37,010,239)
Adjustment for modification of lease agreement	(23,503,293)	-	(23,503,293)
<b>Balance at 31 March 2025</b>	<b>1,437,730,517</b>	<b>5,037,222</b>	<b>1,442,767,739</b>
	1,437,730,517	5,037,222	1,442,767,739
Additions	44,792,046	-	44,792,046
Effect of termination/modification of lease agreement	23,915,655	-	23,915,655
Adjustment for modification of lease agreement	(5,243,005)	-	(5,243,005)
<b>Balance at 31 March 2026</b>	<b>1,501,195,213</b>	<b>5,037,222</b>	<b>1,506,232,435</b>
	1,501,195,213	5,037,222	1,506,232,435
<b>Accumulated depreciation</b>			
Balance as at 1 April 2024	90,871,793	5,734,859	96,606,652
Depreciation	104,753,498	1,090,317	105,843,815
Effect of termination/modification of lease agreement	(4,210,820)	(6,249,346)	(10,460,166)
Adjustment for modification of lease agreement	-	-	-
<b>Balance at 31 March 2025</b>	<b>191,414,471</b>	<b>575,830</b>	<b>191,990,301</b>
	191,414,471	575,830	191,990,301
Depreciation	125,344,568	775,570	126,120,138
Effect of termination of lease agreement	(2,440,708)	-	(2,440,708)
Adjustment for modification of lease agreement	-	-	-
<b>Balance at 31 March 2026</b>	<b>314,318,331</b>	<b>1,351,400</b>	<b>315,669,731</b>
	314,318,331	1,351,400	315,669,731
<b>Carrying amount</b>			
<b>At 1 April 2024</b>	<b>801,320,194</b>	<b>15,274,263</b>	<b>816,594,457</b>
<b>At 31 March 2025</b>	<b>1,246,316,046</b>	<b>4,461,392</b>	<b>1,250,777,438</b>
<b>At 31 March 2026</b>	<b>1,186,876,882</b>	<b>3,685,822</b>	<b>1,190,562,704</b>

**B. Allocation of Depreciation (Right-of-use assets)**

<i>In Taka</i>	Note	31 March 2026	31 March 2025
Cost of sales	12(A)	125,344,569	104,753,498
Administrative, selling and distribution expenses	12(A)	775,570	1,090,317
		<b>126,120,139</b>	<b>105,843,815</b>

**13. Investment in preference shares**

See accounting policy in Note 38(I).

<i>In Taka</i>	31 March 2026	31 March 2025
Prudent Fashions Limited	110,200,000	110,200,000
	<b>110,200,000</b>	<b>110,200,000</b>



**Notes to the financial statements (continued)**

**14. Investment in fixed deposit receipts**

See accounting policy in Note 38(I).

<i>In Taka</i>	31 March 2026	31 March 2025
United Commercial Bank PLC	66,860,000	39,100,000
Hongkong and Shanghai Banking Corporation Limited	48,939,334	48,842,737
Standard Chartered Bank	3,890,300	3,890,300
	<b>119,689,634</b>	<b>91,833,037</b>
Current	115,799,334	87,942,737
Non Current	3,890,300	3,890,300
	<b>119,689,634</b>	<b>91,833,037</b>

**15. Inventories**

See accounting policy in Note 38(F).

<i>In Taka</i>	31 March 2026	31 March 2025
Raw and packing materials	1,136,847,890	806,481,292
Finished goods	148,205,200	93,610,774
Inventories in-transit	4,228,710	4,582,006
Work-in-progress	951,220,398	1,081,523,210
	<b>2,240,502,198</b>	<b>1,986,197,282</b>

**16. Net current tax assets/(liabilities)**

<i>In Taka</i>	Note	31 March 2026	31 March 2025
Current tax assets	16(A)	441,816,036	283,278,481
Current tax liabilities	16(B)	(444,015,755)	(285,478,206)
		<b>(2,199,719)</b>	<b>(2,199,725)</b>

**A. Current tax assets**

Opening balances	283,278,481	129,947,637
Paid during the year	158,537,555	153,330,844
Tax offset on completion of assessment for prior year	-	-
Closing balances	<b>441,816,036</b>	<b>283,278,481</b>

**B. Current tax liabilities**

Opening balances	285,478,206	132,081,137
Provision for current year	10(A) 148,291,008	142,300,952
Changes in estimates related to prior year	10(A) 10,246,541	11,096,117
Tax offset on completion of assessment for prior year	-	-
Closing balances	<b>444,015,755</b>	<b>285,478,206</b>

**C. Uncertainty over income tax treatments**

Income tax return for the Assessment year 2024-2025, 2025-2026 has been submitted to National Board of Revenue in due time. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

**17. Trade and other receivables - external**

See accounting policy in Note 38(I).

<i>In Taka</i>	31 March 2026	31 March 2025
Trade receivables due from third parties	34,808,321	445,637,509
Other receivables	78,611,060	141,786,517
	<b>113,419,381</b>	<b>587,424,026</b>

**A. Trade receivables due from third parties**

Target Australia PTY	27,843,668	29,998,358
Stylem Takisada-Osaka Co Ltd.	6,964,653	74,410,571
Kmart Australia Ltd	-	341,228,580
	<b>34,808,321</b>	<b>445,637,509</b>



**Notes to the financial statements (continued)**

**18. Trade and other receivables - inter-company**

See accounting policy in Note 38(l).

<i>In Taka</i>	31 March 2026	31 March 2025
Pearl Global Industries Limited	66,809,152	66,261,536
Pearl Global (HK) Ltd.	467,667,153	649,963,567
Pearl Grass Creation	58,930,631	39,700,381
Pearl Global Inc USA	51,654,802	-
Pearl Global Industries FZCO	67,529,373	22,398
	<b>712,591,111</b>	<b>755,947,882</b>

**19. Advances, deposits and prepayments**

<i>In Taka</i>	31 March 2026	31 March 2025
Advances to employees	10,981,544	91,169,414
Advance to vendors	236,103,340	69,137,687
Security deposits	50,858,548	33,244,171
Prepaid expenses	5,064,949	3,403,270
Prepaid insurance	12,430,839	8,311,625
	<b>315,439,220</b>	<b>205,266,167</b>

**20. Cash and cash equivalents**

See accounting policy in Note 38(l).

<i>In Taka</i>	Note	31 March 2026	31 March 2025
Bank balances		1,138,857,538	499,980,425
Short Notice Deposit (SND)		153,194,995	196,083,360
Fixed Deposit Receipt (FDR)		-	167,005,651
Cash in hand		1,776,930	2,764,514
<b>Cash and cash equivalents in the statement of financial position</b>		<b>1,293,829,463</b>	<b>865,833,950</b>

\*As at 31 March 2025, the Company had one short notice deposits with maturity of less than three months (90 days).

**A. Bank balances**

HSBC margin account	256,796,027	16,927,982
HSBC ERQ account	33,718,737	28,659,870
HSBC current A/c 012	-	1,164,026
HSBC current A/c 092	2,898,135	47,911,691
UCBL current account	56,861	57,551
UCBL ERQ account	63,878	63,354
DB-219-200-31537	4,650	4,995
DB-219-200-3161	291,806	288,690
DB-219-200-31549	41	41
DBBL-2111100017401	1,102,801	4,594,902
HSBC-Bank guarantee	140,000	100,000
UCBL margin A/C- LC	1,726,202	-
UCBL0951101000012589	1,077,183	237,595
UCBL0951184000000301	148,894,489	21,218,223
UCBL951181000000191	15,012,168	38,396,555
UCBL951101-000000833	4,815,399	1,478,121
SCB a/c 01-1183252-01	12,425,759	5,462,847
SCB margin A/C	238,231,747	237,319,548
SCB ERQ A/C -01	129,495,103	93,053,879
CITY-CD-104273492001	434,138	-
Fund in transit	291,672,414	3,040,555
	<b>1,138,857,538</b>	<b>499,980,425</b>

**B. Short Notice Deposit (SND)**

United Commercial Bank PLC -SND	153,194,995	196,083,360
	<b>153,194,995</b>	<b>196,083,360</b>

**C. Fixed Deposit Receipt (FDR)**

Standard Chartered Bank FDR A/C	-	167,005,651
	-	<b>167,005,651</b>



**Notes to the financial statements (continued)**

**21. Share capital**

See accounting policy in Note 38(J).

<i>In Taka</i>	31 March 2026	31 March 2025
<b>Issued, subscribed and paid up:</b>		
33,81,231 (2014: 965,624) ordinary shares of Tk. 100 each	338,123,100	338,123,100
	<b>338,123,100</b>	<b>338,123,100</b>

**A. Authorised**

36,00,000 (2014: 11,00,000) ordinary shares of Tk.100 each	360,000,000	360,000,000
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**B. Percentage of shareholding**

Name of the shareholders	Number of shares	Value of shares in Taka	Percentage of holding
<b>31 March 2026</b>			
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%
	<b>3,381,231</b>	<b>338,123,100</b>	<b>100.0000%</b>
<b>31 March 2025</b>			
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%
	<b>3,381,231</b>	<b>338,123,100</b>	<b>100.0000%</b>

**22. Loans and borrowings**

See accounting policy in Note 38(I).

<i>In Taka</i>	Note	31 March 2026	31 March 2025
Term loans	22(A)	449,265,749	171,700,000
EDF loans	22(B)	101,916,587	6,072,152
		<b>551,182,336</b>	<b>177,772,152</b>

**A. Term loans**

Term loans - United Commercial Bank PLC	140,916,667	171,700,000
Term loans - City Bank PLC	169,549,082	-
Term loans - BIFFL	138,800,000	-
	<b>449,265,749</b>	<b>171,700,000</b>

**B. EDF loans**

EDF loans - Standard Chartered Bank	41,359,560	-
EDF loans - Hongkong and Shanghai Banking Corporation	60,557,027	6,072,152
	<b>101,916,587</b>	<b>6,072,152</b>

**C. Reconciliation of carrying amount of loans and borrowings**

Opening balance	177,772,152	213,702,825
Additions	612,734,722	275,214,687
Repayment	(239,324,538)	(311,145,360)
<b>Closing balance</b>	<b>551,182,336</b>	<b>177,772,152</b>
Non-current	407,513,597	140,916,667
Current	143,668,739	36,855,485
	<b>551,182,336</b>	<b>177,772,152</b>



**Notes to the financial statements (continued)**

**23. Trade and other payables - external**  
See accounting policy in Note 38(l).

<i>In Taka</i>	<i>Note</i>	31 March 2026	31 March 2025
Trade payables		1,708,721,821	1,292,918,496
Other payables	23(A)	552,597,028	652,501,106
		<b>2,261,318,849</b>	<b>1,945,419,602</b>

**A. Other payables**

Other payables - GRIR		320,453,054	505,796,347
Withholding tax payable		1,957,912	1,639,695
TDS payables		13,959,826	8,267,143
Accrued expenses		214,572,453	135,206,951
Interest payables		1,252,813	1,190,000
Others		400,970	400,970
		<b>552,597,028</b>	<b>652,501,106</b>

**24. Trade and other payables - inter-company**  
See accounting policy in Note 38(l).

<i>In Taka</i>		31 March 2026	31 March 2025
Pearl Global (HK) Ltd.		179,148,720	201,338,628
Pearl Global Industries Ltd.		10,615,029	-
DSSP Global Ltd.		50,508,159	5,040,205
		<b>240,271,908</b>	<b>206,378,833</b>



Notes to the financial statements (continued)

25. Deferred tax assets/(liabilities)  
See accounting policy in Note 38(E).

<i>In Taka</i>	Note	2026	2025
Opening balances		27,923,831	7,698,518
Deferred tax income (recognised in profit or loss)	25(A)	19,823,992	13,507,410
Deferred tax income (recognised in OCI)	25(A)	10,215,974	6,717,903
<b>Closing balances</b>		<b>57,963,797</b>	<b>27,923,831</b>

A. Movement in deferred tax balances

<i>In Taka</i>	Balance as at 31 March 2026					
	1 April 2025	Recognised in profit/(loss)	Recognized in OCI	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	(4,441,106)	4,585,991	-	144,885	-	144,885
Employee benefits	16,755,516	8,932,981	10,215,974	35,904,471	-	35,904,471
Right-of-use assets	(150,093,293)	7,225,769	-	-	(142,867,524)	(142,867,524)
Lease liabilities	165,702,714	(920,749)	-	164,781,965	-	164,781,965
<b>Net deferred tax assets/(liabilities)</b>	<b>27,923,831</b>	<b>19,823,992</b>	<b>10,215,974</b>	<b>200,831,321</b>	<b>(142,867,524)</b>	<b>57,963,797</b>

<i>In Taka</i>	Balance as at 31 March 2025					
	1 April 2024	Recognised in profit/(loss)	Recognized in OCI	Deferred tax assets	Deferred tax liabilities	Net
Property, plant and equipment	(7,404,597)	2,963,491	-	-	(4,441,106)	(4,441,106)
Employee benefits	5,512,154	4,525,459	6,717,903	16,755,516	-	16,755,516
Right-of-use assets	(97,991,336)	(52,101,958)	-	-	(150,093,293)	(150,093,293)
Lease liabilities	107,582,296	58,120,418	-	165,702,714	-	165,702,714
<b>Net deferred tax assets/(liabilities)</b>	<b>7,698,518</b>	<b>13,507,410</b>	<b>6,717,903</b>	<b>182,458,230</b>	<b>(154,534,399)</b>	<b>27,923,831</b>



Notes to the financial statements (continued)

25. Deferred tax assets/(liabilities) (continued)  
B. Computation of deferred tax

31 March 2026

	Accounting base	Tax base	Deductible/ (taxable) temporary difference	Applicable tax rate	Deferred tax asset/(liability)
<i>In Taka</i>					
Property, plant and equipment and intangible assets	1,343,202,322	1,344,409,696	1,207,374	12.0%	144,885
Employee benefits	(299,203,927)	-	299,203,927	12.0%	35,904,471
Right-of-use assets	1,190,562,704	-	(1,190,562,704)	12.0%	(142,867,524)
Lease liabilities	(1,373,183,042)	-	1,373,183,042	12.0%	164,781,965
	861,378,057	1,344,409,696	483,031,639		57,963,797

31 March 2025

	Accounting base	Tax base	Deductible/ (taxable) temporary difference	Applicable tax rate	Deferred tax asset/(liability)
<i>In Taka</i>					
Property, plant and equipment and intangible assets	1,155,894,174	1,118,884,959	(37,009,215)	12.0%	(4,441,106)
Employee benefits	(139,629,297)	-	139,629,297	12.0%	16,755,516
Right-of-use assets	1,250,777,438	-	(1,250,777,438)	12.0%	(150,093,293)
Lease liabilities	(1,380,855,947)	-	1,380,855,947	12.0%	165,702,714
	886,186,368	1,118,884,959	232,698,591		27,923,831



Notes to the financial statements (continued)

	31 March 2026	31 March 2025
<b>26. Employee benefits</b>		
See accounting policy in Note 38(C).		
<i>In Taka</i>		
Net defined benefit asset	420,563,663	260,989,033
Net defined benefit liability	420,563,663	260,989,033
<b>Net defined benefit (asset)/liability</b>		
Current	30,325,369	20,293,659
Non-current	390,238,294	240,695,374
<b>Closing Balance</b>	<b>420,563,663</b>	<b>260,989,033</b>

A. 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	
	2026	2025	2026	2025	2026	2025
<i>In Taka</i>						
Opening balance	260,989,033	167,294,356	-	-	260,989,033	167,294,356
<b>Included in profit or loss</b>						
Current service cost	52,421,410	33,725,043	-	-	52,421,410	33,725,043
Past service cost	6,168,107	-	-	-	6,168,107	-
Interest cost	31,296,010	20,896,622	-	-	31,296,010	20,896,622
Interest income	-	-	-	-	-	-
	<b>89,885,527</b>	<b>54,621,665</b>			<b>89,885,527</b>	<b>54,621,665</b>
<b>Included in OCI</b>						
Actuarial (gain)/loss arising from:						
-demographic assumption	-	-	-	-	-	-
-financial assumption	83,287,682	49,652,573	-	-	83,287,682	49,652,573
-experience adjustment	1,845,435	6,329,953	-	-	1,845,435	6,329,953
Return on plan asset excluding interest income	-	-	-	-	-	-
	<b>85,133,117</b>	<b>55,982,526</b>			<b>85,133,117</b>	<b>55,982,526</b>
<b>Other</b>						
Contribution paid by the employer	-	-	-	-	-	-
Benefits paid	(15,444,014)	(16,909,514)	-	-	(15,444,014)	(16,909,514)
	<b>(15,444,014)</b>	<b>(16,909,514)</b>			<b>(15,444,014)</b>	<b>(16,909,514)</b>
<b>Closing Balance</b>	<b>420,563,663</b>	<b>260,989,033</b>			<b>420,563,663</b>	<b>260,989,033</b>

B. Actuarial assumption  
The followings were the principal actuarial assumptions at the reporting date :

	2026	2025
Discount rate	10.55%	12.00%
Future salary growth	9.00%	8.00%

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.



**Notes to the financial statements (continued)****27. Lease liabilities**

See accounting policy in Note 38(M).

**A. Reconciliation of carrying amount**

<i>In Taka</i>	31 March 2026	31 March 2025
Opening balance	1,380,855,946	896,519,131
New lease additions	44,792,045	588,232,545
Imputed interest on lease liabilities	128,522,006	107,122,729
Effect of modification to lease terms	17,911,193	(24,657,779)
Effect of termination of lease agreement	(4,197,327)	(27,946,572)
Payment on lease liabilities	(194,700,821)	(158,414,108)
<b>Closing balance</b>	<b>1,373,183,042</b>	<b>1,380,855,946</b>

**B. Amounts recognised in the statement of financial position**

Current	55,528,607	63,120,176
Non-current	1,317,654,440	1,317,735,771
<b>Closing balance</b>	<b>1,373,183,047</b>	<b>1,380,855,947</b>

**C. Amounts recognised in profit or loss**

<i>In Taka</i>	For the year ended 31 March	
	2026	2025
Interest on lease liabilities	128,522,006	107,122,729
Depreciation on right-of-use assets	126,120,138	105,843,815

**D. Amounts recognised in the statement of cash flows**

Payment of interest expense on lease liabilities	128,522,006	107,122,729
Payment of principal portion and effect of modification or termination	66,178,815	53,138,989
	<b>194,700,821</b>	<b>160,261,718</b>

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

Rental expense reversed	(206,397,012)	(158,414,108)
Interest expenses on lease liability	128,522,006	107,122,729
Depreciation on right-of-use assets	126,120,138	105,843,815



**Notes to the financial statements (continued)**

**28. 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 2026	In Taka	Note	Carrying amount					Total	
			Fair value hedging instruments	Mandatorily at fair value - others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortised cost		Other financial liabilities
<b>Financial assets not measured at fair value</b>									
		17&18	-	-	-	-	826,010,492	-	826,010,492
		14	-	-	-	-	119,689,634	-	119,689,634
		20	-	-	-	-	1,292,052,533	-	1,292,052,533
			-	-	-	-	2,237,752,659	-	2,237,752,659
<b>Financial liabilities not measured at fair value</b>									
		22	-	-	-	-	(551,182,336)	-	(551,182,336)
		23&24	-	-	-	-	(2,501,590,757)	-	(2,501,590,757)
			-	-	-	-	(3,052,773,093)	-	(3,052,773,093)

31 March 2025	In Taka	Note	Carrying amount					Total	
			Fair value hedging instruments	Mandatorily at fair value - others	FVOCI-debt instruments	FVOCI equity instruments	Financial assets at amortised cost		Other financial liabilities
<b>Financial assets not measured at fair value</b>									
		17&18	-	-	-	-	1,343,371,908	-	1,343,371,908
		14	-	-	-	-	91,833,037	-	91,833,037
		20	-	-	-	-	865,833,951	-	865,833,951
			-	-	-	-	2,301,038,896	-	2,301,038,896
<b>Financial liabilities not measured at fair value</b>									
		22	-	-	-	-	(177,772,152)	-	(177,772,152)
		23&24	-	-	-	-	(2,151,798,433)	-	(2,151,798,433)
			-	-	-	-	(2,329,570,585)	-	(2,329,570,585)



**Notes to the financial statements (continued)**

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**28. 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:

<i>In Taka</i>	2026	2025
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.



**Notes to the financial statements (continued)**

28. 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 2026, the maximum exposure to credit risk for trade and other receivables by product type and geographic region was as follows

<i>In Taka</i>	31 March 2026	31 March 2025
Foreign Export	34,808,321	445,637,509
Total	34,808,321	445,637,509

*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 2026.

31 March 2026	Weighted- average lose rate	Gross carrying amount	Loss allowance	Credit impaired
<i>In Taka</i>				
Current (not past due)	0%	34,808,321	-	-
1-30 days past due	0%	-	-	-
31-60 days past due	0%	-	-	-
61-90 days past due	0%	-	-	-
More than 90 days past due	0%	-	-	-
		34,808,321	-	-

31 March 2025	Weighted- average lose rate	Gross carrying amount	Loss allowance	Loss allowance
<i>In Taka</i>				
Current (not past due)	0%	29,998,358	-	-
1-30 days past due	0%	213,914,661	-	-
31-60 days past due	0%	43,799,991	-	-
61-90 days past due	0%	157,924,499	-	-
More than 90 days past due	0%	-	-	-
		445,637,509	-	-

*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 entity doesn't have any history of bad-debt loss.*

(b) Cash and cash equivalents

The Company held cash and cash equivalents of Taka 1,292,052,533 at 31 March 2026 (2023: Taka 863,069,436).

(c) Guarantees

The Company is provided financial guarantees of Taka nil as at 31 March 2026 (at 31 March 2025: Taka 0) by HSBC to clear the goods from customs.



**Notes to the financial statements (continued)**

28. **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.

**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 2026		Contractual cash flows					
		Carrying amount	Total	2 months or less	1-2 years	2-5 years	More than 5 years
<i>In Taka</i>	<i>Note</i>						
<b>Non-derivative financial liabilities</b>							
Loans and borrowing	22	551,182,336	551,182,336	7,695,833	151,600,377	255,913,220	-
Trade and other payables	23&24	2,501,590,757	2,501,590,757	2,208,263,596	293,327,161	-	-
Lease liabilities	27	1,373,183,042	1,373,183,042	18,858,107	36,670,500	59,079,635	284,184,542
		<b>4,425,956,135</b>	<b>4,425,956,135</b>	<b>2,234,817,537</b>	<b>210,680,012</b>	<b>540,097,762</b>	<b>974,390,258</b>

At 31 March 2025		Contractual cash flows					
		Carrying amount	Total	2 months or less	1-2 years	2-5 years	More than 5 years
<i>In Taka</i>	<i>Note</i>						
<b>Non-derivative financial liabilities</b>							
Loans and borrowing	22	177,772,152	177,772,152	7,695,833	30,783,333	61,566,667	48,566,667
Trade and other payables	23&24	2,151,798,435	2,151,798,433	1,350,598,775	227,377,106	-	-
Lease liabilities	27	1,380,855,946	1,380,855,946	9,566,040	55,648,659	226,017,750	1,036,069,362
		<b>3,710,426,533</b>	<b>3,710,426,531</b>	<b>1,367,860,648</b>	<b>313,809,098</b>	<b>287,584,417</b>	<b>1,084,636,029</b>



**Notes to the financial statements (continued)**

**28. 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.

<i>In USD</i>	2026	2025
Trade receivables due from third parties	285,314	3,682,955
Trade receivables due from related parties	5,840,911	6,247,503
	<b>6,126,225</b>	<b>9,930,458</b>
Trade payables due to third parties	14,005,917	10,685,277
Trade payables due to related parties	1,969,442	1,705,610
	<b>15,975,358</b>	<b>12,390,887</b>
<b>Net financial position exposure</b>	<b>22,101,583</b>	<b>22,321,345</b>

The following significant exchange rates have been applied.

<i>In Taka</i>	Average rate		Year-end spot rate	
	2026	2025	2026	2025
USD 1	121	117	122	121

**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:

<i>In Taka</i>	Note	Nominal amount	
		2026	2025
<b>Fixed-rate instruments</b>			
Financial assets		-	-
Financial liabilities:			
Loans and borrowings	22	551,182,336	177,772,152
		<b>551,182,336</b>	<b>177,772,152</b>
<b>Variable-rate instruments</b>			
Financial assets		-	-
Financial liabilities		-	-
		-	-

The following significant interest rates have been applied.

	Interest rate	
	2026	2025
Loans and borrowing	5% - 14%	5% - 14%



**Notes to the financial statements (continued)**

**29. Related parties**

**A. Parent and ultimate controlling party**

Pearl Global Industries Ltd. has 99.99% shareholding of the Company. As a result, the parent and ultimate controlling party of the Company is Pearl Global Industries Ltd.

**B. Transactions with key management personnel**

	For the year ended 31 March	
	2026	2025
<b>Key management personnel compensation</b>		
In Taka	4,925,323	4,210,645
Short-term employee benefits	-	-
Post-employment benefits	4,925,323	4,210,645

Number of Directors who were paid remuneration during the year was 0 (2025: 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			Balance outstanding as at	
		31 March 2026	2025	2026	31 March 2026	31 March 2025
Dividend						
Pearl Global Industries Ltd	Parent Company	361,830,299	310,274,783	-	-	-
Revenue						
Pearl Global Industries Ltd	Parent Company	547,616	-	66,809,152	-	-
Pearl Global HK Ltd	Group Company	7,003,372,114	9,335,507,982	467,667,153	649,963,567	-
Pearl Grass Creations Ltd	Group Company	2,161,671,729	1,767,279,569	58,930,631	39,700,381	-
Pearl Global Industries Ltd FZCO	Group Company	293,581,558	164,803,817	67,529,373	22,398	-
Pearl Global USA INC	Group Company	207,477,955	19,187,337	51,654,802	-	-
Purchase of goods						
Pearl Global (HK) Ltd	Group Company	22,189,908	-	-	179,148,720	201,338,628
Pearl Global Industries Ltd	Group Company	10,961,933	-	-	10,615,029	-
DSSP Global Ltd	Group Company	360,000,097	847,515,759	-	50,508,159	5,040,205
		10,421,633,208	12,444,569,247	712,591,111	240,271,908	206,378,834



**Notes to the financial statements (continued)**

**30. Licensed capacity, installed capacity and actual production**

There exists no licensed capacity as such.

Category	Installed Capacity (In Pcs basis)	Actual Production (In Pcs basis)	
		2026	2025
Unit 1	7,980,000	10,170,278	7,976,193
Unit 2	16,800,000	16,606,343	15,976,036

**31. 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.

<i>In Taka</i>	31 March 2026	31 March 2025
Total liabilities	4,848,719,521	3,973,615,292
Less: cash and cash equivalents	(1,293,829,463)	(865,833,950)
<b>Net debt</b>	<b>3,554,890,058</b>	<b>3,107,781,342</b>
Total equity	3,636,264,680	3,351,568,845
Less: hedging reserve	-	-
<b>Adjusted equity</b>	<b>3,636,264,680</b>	<b>3,351,568,845</b>
<b>Net debt to adjusted equity ratio</b>	<b>0.98</b>	<b>0.93</b>

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

<i>In Taka</i>	31 March 2026	31 March 2025
Dividend	361,830,299	344,755,992
	<b>361,830,299</b>	<b>344,755,992</b>



**Notes to the financial statements (continued)**

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**33. Contingent liabilities**

**A. Letter of credit**

There are contingent liabilities of Taka 1,391,129,732 (2025: Taka 993,651,505) 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 202,457,380 (2025: Taka 29,682,980) by HSBC, UCB, SCB in favor of Norp Knit Industries Limited for Gas connection and insurance and borrowings.

**34. Commitments**

As of 31 March 2026, the company doesn't have any financial commitment.

**35. 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 9,037 (2025: 8,696).

**36. 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.

**37. 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 38(F) and 38(C) respectively.



## Notes to the financial statements (continued)

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### 38. Material accounting policies

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

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.



## Notes to the financial statements (continued)

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### 38. 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.

Policy for Defined benefit plan

- (a) Seven days' wages for every completed year of service or for any part thereof exceeding six months.
- (b) Fifteen days' wages for every completed year of service if the employee has completed more than three years but less than ten years of continuous service.
- (c) Thirty days' wages for every completed year of service if the employee has completed ten years or more of continuous service.

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.



Notes to the financial statements (continued)

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38. Material accounting policies (continued)

C. Employee benefits (continued)

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.

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.



## Notes to the financial statements (continued)

### 38. Material accounting policies (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

<u>Category</u>	<u>Basis of valuation</u>	<u>Cost Flow</u>
Finished goods	At the lower of cost and net realisable value	Weighted average method
Raw and packing materials	At the lower of cost and net realisable value	Weighted average method
Goods in transit	At the lower of cost and net realisable value	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.



## Notes to the financial statements (continued)

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### 38. 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	10-20 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.



## Notes to the financial statements (continued)

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### 38. 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

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.



Notes to the financial statements (continued)

38. 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.



**Notes to the financial statements (continued)**

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**38. 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.



Notes to the financial statements (continued)

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38. 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.



## Notes to the financial statements (continued)

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### 38. 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

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

##### *i. As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected to separate non-lease components and account for the lease and non-lease components separately.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability 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 Company determines its incremental borrowing rate by obtaining interest rate from various external financing source and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.



## Notes to the financial statements (continued)

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### 38. Material accounting policies (continued)

#### M. Leases (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

#### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 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.

#### **Disclosure for Iran vs US war**

During the reporting period and also subsequent to the reporting date, breakout of war with Iran has led to disruption of energy supply from the Middle East to the Asian region, including Bangladesh. As at the date of authorization of the financial statements, these developments have not had any adverse impact on the Company's supply chain operations, selling prices, or cost structure.

The situation remains highly dynamic and subject to significant uncertainty. Management continues to closely monitor developments and assess their potential implications for the Company's operations, financial position, and cash flows. At present, the Company is not able to reliably estimate the financial impact, if any, arising from these events.

### 39. 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. 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.



## Notes to the financial statements (continued)

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### 40. Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 April 2025 and earlier application is permitted. However, the Branch office has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

#### A. IFRS 18 presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Company is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Company's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Company is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as "other".

#### B. Other accounting standards

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

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

