

**INDEPENDENT AUDITOR'S REPORT
AND
AUDITED FINANCIAL STATEMENTS
OF
ALPHA CLOTHING LIMITED
AS AT 31 MARCH 2024 AND FOR THE PERIOD
ENDED 31 MARCH 2024**



AHMED MASHUQUE & CO., *Chartered Accountants*

Navana Obaid Eternia
28-29 Kakrail (Level # 05, 13 & 14)
VIP Road, Dhaka-1000, Bangladesh
Tel : +880-2-58316931-39, Fax: +880-2-58316929
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
Member Firm of Crowe Global
www.crowe.com



**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
ALPHA CLOTHING LIMITED**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of ALPHA CLOTHING LIMITED (the Company), which comprise the statements of financial position as at 31 March 2024, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period than ended and notes, comprising significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2024 and its financial performance and its cash flows for the period than ended in accordance with International Financial Reporting Standards (IFRS's)

Basis for opinion

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

Emphasis of Matter-Basis of accounting and Restriction on distribution and use

We draw attention to Note 2.01 of the financial statements, which describes the basis of accounting. The financial statements have been prepared by the management of the company to assist Pearl Global (HK) Limited ('the parent companies') to meet the requirements of preparing the consolidated financial statements. As a result the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

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

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

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

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



AHMED MASHUQUE & CO.

Chartered Accountants

www.ahmedmashuque.com

Auditor's Responsibilities for the Audit of the Financial Statements

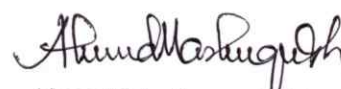

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

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


Dated, 25 April 2024
Dhaka.

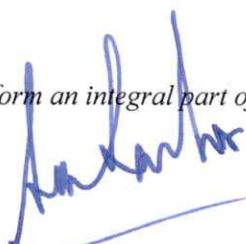

Ahmed Mashuque & Co.
Chartered Accountants


ALPHA CLOTHING LIMITED
Statement of financial position
as at 31 March 2024

| | <u>Notes</u> | <u>31-Mar-2024</u> <u>Taka</u> | <u>31-Mar-2023</u> <u>Taka</u> |
|--|--------------|-----------------------------------|-----------------------------------|
| <u>ASSETS</u> | | | |
| Non-current assets | | 451,109,519 | 401,235,586 |
| Property, plant and equipment | 4 | 448,179,385 | 397,196,624 |
| Right of use assets | 5 | 2,217,244 | 3,547,591 |
| Intangible assets | 6 | 712,890 | 491,371 |
| Current assets | | 803,016,724 | 737,534,276 |
| Inventories | 7 | 313,242,808 | 294,197,373 |
| Trade receivables | 8 | 114,319,195 | 76,343,335 |
| Incentive receivables | 9 | 4,092,311 | 13,530,944 |
| Advances, deposits and pre-payments | 10 | 90,055,039 | 23,611,618 |
| Advance income tax | 11 | 24,219,757 | 20,490,327 |
| Cash and cash equivalents | 12 | 257,087,614 | 309,360,679 |
| Total assets | | 1,254,126,243 | 1,138,769,862 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Equity | | 447,139,836 | 372,836,348 |
| Share capital | 13 | 172,885,300 | 172,885,300 |
| Revaluation surplus | 14 | 154,391,142 | 164,658,674 |
| Retained earnings | | 119,863,394 | 35,292,374 |
| Non-current liabilities | | 105,735,831 | 41,076,338 |
| Long term loans (secured)-net off current maturity | 15 | 72,881,920 | 20,387,815 |
| Lease liabilities | 16 | 1,044,444 | 2,498,584 |
| Deferred tax liability | 17 | 6,386,084 | 6,101,329 |
| Employees' service benefit payable | 18 | 25,423,383 | 12,088,610 |
| Current liabilities | | 701,250,576 | 724,857,176 |
| Trade payable | 19 | 332,526,709 | 286,664,189 |
| Lease liabilities-current portion | 16 | 1,454,140 | 1,329,430 |
| Current account with associates | 20 | - | 19,094,598 |
| Short term loan from bank | 21 | 234,360,255 | 285,247,917 |
| Liability for expenses and other payable | 22 | 108,722,711 | 112,063,712 |
| Provision for current income tax | 23 | 24,186,761 | 20,457,330 |
| Total equity and liabilities | | 1,254,126,243 | 1,138,769,862 |

Accompanying notes form an integral part of these financial statements.




Managing Director


Director


Finance Controller

Signed in terms of our annexed report of even date annexed.

Dated, 25 April 2024
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants


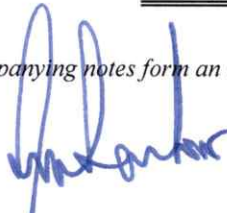


ALPHA CLOTHING LIMITED
Statement of profit or loss and other comprehensive income
for the period ended 31 March 2024

| | | <u>03 Months</u> | <u>12 Months</u> | <u>03 Months</u> | <u>07 Months</u> |
|---|--------------|--------------------|--------------------|--------------------|--------------------|
| | | <u>01 Jan 2024</u> | <u>01 Apr 2023</u> | <u>01 Jan 2023</u> | <u>05 Sep 2022</u> |
| | | <u>to</u> | <u>to</u> | <u>to</u> | <u>to</u> |
| | | <u>31 Mar 2024</u> | <u>31 Mar 2024</u> | <u>31 Mar 2023</u> | <u>31 Mar 2023</u> |
| | <u>Notes</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| Revenue | | 750,604,361 | 2,208,654,345 | 535,449,669 | 1,148,388,268 |
| Less: Cost of goods sold | 24 | 548,698,379 | 1,851,206,533 | 438,922,136 | 911,931,212 |
| Gross profit/(loss) | | 201,905,982 | 357,447,812 | 96,527,533 | 236,457,056 |
| Less: Administrative, selling and distribution expenses | 25 | 69,834,336 | 241,946,489 | 49,264,502 | 104,965,033 |
| Net profit/(loss) from operation | | 132,071,647 | 115,501,322 | 47,263,031 | 131,492,024 |
| Less: Non operating expenses: | | | | | |
| Finance expense and bank charge | 26 | 5,656,161 | 32,697,737 | 7,439,301 | 15,146,099 |
| Interest on lease liabilities | | 61,385 | 290,570 | 90,854 | 196,846 |
| Net profit/(loss) from operation | | 126,354,101 | 82,513,016 | 39,732,876 | 116,149,079 |
| Add: Non operation income: | | | | | |
| Cash incentive income | 27 | 86,383 | 8,984,368 | 6,358,860 | 15,367,745 |
| Exchange gain | | - | 7,360,751 | 10,628,009 | 7,750,084 |
| Bank interest | | - | 31 | - | 10 |
| Net profit/(loss) for the year before tax | | 126,440,484 | 98,858,165 | 56,719,745 | 139,266,918 |
| Less: Income tax expenses | 28 | 7,802,549 | 21,482,095 | 6,789,097 | 14,030,144 |
| Net profit/(loss) for the year after tax | | 118,637,935 | 77,376,070 | 49,930,648 | 125,236,774 |
| Other comprehensive income | 29 | (1,657,104) | (10,267,532) | (1,850,824) | (4,354,389) |
| Total comprehensive income for the year | | 116,980,831 | 67,108,538 | 48,079,824 | 120,882,385 |

Accompanying notes form an integral part of these financial statements.

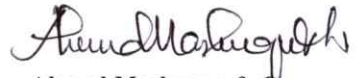
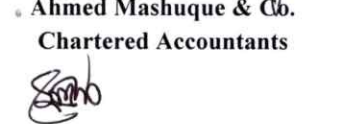

Managing Director


Director


Finance Controller

Signed in terms of our annexed report of even date annexed.

Dated, 25 April 2024
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants


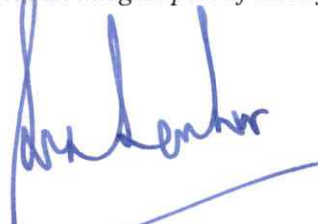


ALPHA CLOTHING LIMITED
Statement of changes in equity
for the period ended 31 March 2024

| Particulars | Share capital | Revaluation surplus | Retained earnings | Total |
|--|--------------------|---------------------|--------------------|--------------------|
| Balance as at 01 April 2023 | 172,885,300 | 164,658,674 | 35,292,374 | 372,836,348 |
| Less: Deferred tax for revaluation surplus (Note-14) | - | (3,141,629) | - | (3,141,629) |
| Less: Adjustment for depreciation | - | (5,468,799) | 5,468,799 | - |
| Add: Comprehensive income/(loss) for the year | - | - | (41,261,863) | (41,261,863) |
| Balance as at 31 December 2023 | 172,885,300 | 156,048,246 | (500,691) | 328,432,855 |
| Balance as at 01 January 2024 | 172,885,300 | 156,048,246 | (500,691) | 328,432,855 |
| Less: Deferred tax for revaluation surplus (Note-14) | - | 69,046 | - | 69,046 |
| Less: Adjustment for depreciation | - | (1,726,150) | 1,726,150 | - |
| Add: Comprehensive income/(loss) for the year | - | - | 118,637,935 | 118,637,935 |
| Balance as at 31 March 2024 | 172,885,300 | 154,391,142 | 119,863,394 | 447,139,836 |

Accompanying notes form an integral part of these financial statements.


Managing Director


Director

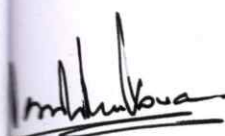

Finance Controller



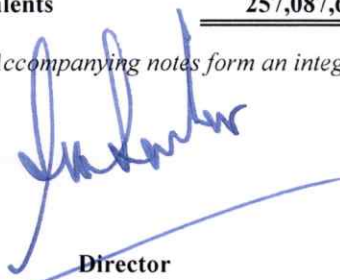
ALPHA CLOTHING LIMITED
Statement of cash flows
for the period ended 31 March 2024

| | <u>03 Months</u> | <u>12 Months</u> | <u>03 Months</u> | <u>7 Months</u> |
|---|---------------------|---------------------|----------------------|---------------------|
| | <u>01 Jan 2024</u> | <u>01 Apr 2023</u> | <u>01 Jan 2023</u> | <u>05 Sep 2022</u> |
| | <u>to</u> | <u>to</u> | <u>to</u> | <u>to</u> |
| | <u>31 Mar 2024</u> | <u>31 Mar 2024</u> | <u>31 Mar 2023</u> | <u>31 Mar 2023</u> |
| | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |
| Cash flows from operating activities | | | | |
| Cash receipts from the customers and others | 813,729,980 | 2,200,857,483 | 598,145,164 | 1,243,805,368 |
| Cash payment to employees, suppliers for goods and services | (589,431,059) | (2,117,255,332) | (367,065,604) | (1,005,294,504) |
| Income tax paid | (8,425,374) | (24,269,923) | (6,577,572) | (14,048,947) |
| Net cash used in operating activities | 215,873,547 | 59,332,229 | 224,501,988 | 224,461,917 |
| Cash flows from investing activities | | | | |
| Acquisition of property, plant and equipment | (59,717,687) | (80,230,574) | (16,450,931) | (44,580,678) |
| Acquisition cost of intangible assets | (160,166) | (406,145) | - | (400,000) |
| Receipt from sales of motor vehicle | - | 122,719 | - | - |
| Net cash used in investing activities | (59,877,853) | (80,514,000) | (16,450,931) | (44,980,677) |
| Cash flows from financing activities | | | | |
| Cash flows from bank financing with charges | (48,982,731) | (31,091,293) | (136,011,117) | (22,708,784) |
| Net cash flow from financing activities | (48,982,731) | (31,091,293) | (136,011,117) | (22,708,784) |
| Net increase in cash and cash equivalents (A+B+C) | 107,012,963 | (52,273,065) | 72,039,940 | 156,772,456 |
| Add: Opening balance of cash and cash equivalents | 150,074,651 | 309,360,679 | 237,320,739 | 120,584,474 |
| Closing balance of cash and cash equivalents | 257,087,614 | 257,087,614 | 309,360,679 | 277,356,931 |

Accompanying notes form an integral part of these financial statements.



Managing Director



Director



Finance Controller



ALPHA CLOTHING LIMITED

Notes, comprising significant accounting policies and other explanatory information
as at 31 March 2024 and for the period ended to 31 March 2024

1 Reporting entity

1.01 Legal status of the company

ALPHA CLOTHING LIMITED is a private limited company by shares has been incorporated on 3rd April 2013 in Bangladesh under the Companies Act, 1994 vide incorporation no. # C-108337/13. BOI Registration No. J-173013054080-H.

1.02 Registered office

The registered office of the company is located at Tenguri, BKSP, Ashulia, Savar, Dhaka, Bangladesh.

1.03 Nature of business

The prime objective of the company is to carry on the business of manufacture readymade garments item and allied products. The company is a 100% export oriented garments industry.

2 Basis of preparation of financial statements

2.01 Statement of compliance

The shareholding position of the company has been re-structured and the Pearl Global (HK) Ltd. has become the shareholder of 1,323,305 shares. These financial statements have been prepared by the management of the company to assist Pearl Global (HK) Limited ('the parent companies') to meet the requirements of preparing the consolidated financial statements.

As required by the Group, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows have prepared for the period ended 31 March 2024 and the statement of financial position has prepared on 31 March 2024.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The title of format of financial statements follow the requirements of IFRS.

2.02 Basis of measurement

The financial statements have been prepared under accrual basis of accounting.

2.03 Comparative information

Comparative information has been disclosed for all numerical, narrative and descriptive information where it is relevant for understanding of the current period's financial statements. Comparative figures have been rearranged wherever considered necessary, to ensure better comparability with the current period's financial statements and to comply with relevant IFRSs.

2.04 Directors' responsibility statement

The Board of Directors takes the responsibility for the preparation and fair presentation of these financial statements.



2.05 Components of financial statements

- (i) Statement of financial position as at 31 March 2024;
- (ii) Statement of profit or loss and other comprehensive income for the period ended 31 March 2024;
- (iii) Statement of changes in equity for the period for the period ended 31 March 2024;
- (iv) Statement of cash flows for the period ended 31 March 2024; and
- (v) Notes, comprising significant accounting policies and other explanatory information as at 31 March 2024 and for the period ended 31 March 2024.

2.06 Use of estimates and judgments

The preparation of financial statements in conformity with the IFRSs, including IASs, require management to make judgements estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and for contingent assets and liabilities that require disclosure, during and at the date of the financial statements.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision of accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

In particular, the key areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include depreciation, inventory valuation, accrued expenses etc.

3 Significant accounting policies

3.01 Property, plant and equipment

3.1.1 Recognition and measurement

The items of Property, plant and equipment are measured at cost or revaluation less accumulated depreciation. The following items were revalued on September 2021:

Land and land development

Factory building

The valuation was done by the firm of professional valuer "City Engineering & Builder Limited" on the basis of applicable methods including market value based method, premised on the accompanying narrative information and valuation methodology. The revaluation surplus has been initially recognized as a separate items of statement of changes in equity and subsequently the amount will be transferred to retained earnings on disposed of or charging depreciation time to time. Cost represent cost of construction or acquisition and include purchase price and other directly attributable cost of bringing the assets to carrying conditions for its intended use.

3.1.2 Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefit from the assets and that cost can be measured reliably. All other expenditures are recognized as an expense, when ever they incurred.

3.1.3 Depreciation

Land is held on a free hold basis and is not depreciated considering the unlimited life. In respect of all other fixed assets, depreciation is provided to amortize the cost of the assets over their expected useful economic lives after commissioning. Depreciation is charged on fixed assets on reducing balance method. The rates at which assets are depreciated depending on the nature and estimated useful life of assets are given below:



| <u>Particulars</u> | <u>Rate of depreciation</u> |
|---------------------------------|-----------------------------|
| Land and land development | 0% |
| Factory building | 10% |
| Plant and machineries | 15% |
| Motor vehicle | 20% |
| Furniture and fixture | 10% |
| Computer and computer equipment | 20% |
| Office equipment | 15% |
| Capital work in progress | 0% |

3.1.4 Impairment of Assets

As per management assessment no fact and circumstances indicate that company's assets including property, plant and equipment may be impaired.

3.02 Cash and cash equivalents

Cash and cash equivalents comprises cash in hand and cash at bank free of encumbrance except for the balances held into the back to back margin account for making the payment against back to back L/Cs.

3.03 Provisions

Provision are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle the obligation at the statement of financial position date.

3.04 Materiality and aggregation

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

3.05 Taxation

Current Tax:

As per SRO No 44-Law/Income Tax-25/2024 dated 04 March 2024, the rate of income tax on the garments export business of the company is 10% due to the company has Leadership in Energy and Environmental Design (LEED) Certificate. Further, the tax deducted at source by the banks on export proceeds realized is considered as minimum tax subject to the condition laid in section 163 of the Income Tax Act 2023.

Deferred Tax:

Deferred tax is recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the amounts used for taxation purposes.

3.06 Revenue recognition

Sales of goods

The Company has applied IFRS 15 "Revenue from Contracts with Customers" for annual reporting periods beginning on or after 01 January 2018. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognized when or as those performance obligations are satisfied.

The new standard is based on the principle that revenue is recognized when control of goods or services transfers to a customer, so the concept of control replaces the existing concept of risks and rewards. This standard combines, enhances and replaces specific guidance on recognizing revenue with a single standard. A new five-step process must be applied before revenue from contract with customer can be recognized:



- i) Identify the contracts with customers;
- ii) Identify the separate performance obligation;
- iii) Determine the transaction price of the contract;
- iv) Allocate the transaction price to each of the separate performance obligations; and
- v) Recognize the revenue as each performance obligation is satisfied.

In compliance with the requirements of IFRS 15, revenue from customers against sales are recognized when products are on board/dispatched to customers, that is when the significant risk and rewards of ownership are transferred to the buyers, recovery of the consideration are confirmed, the associated costs and possible return of goods can be estimated reliably, and management has no control on the goods.

3.07 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS-7 "Statement of Cash Flows " under direct method.

3.08 Foreign currency

Foreign currency transactions are translated into Bangladeshi taka at the rates ruling on the transaction date in accordance with the IAS-21 "The Effects of Changes in Foreign Exchange Rates"

3.09 Inventories

Inventories are valued in accordance with IAS - 2 "Inventories" at lower of cost or net realizable value. Cost is determined following weighted average cost method. The cost of raw and packing materials comprise of expenditures incurred in the normal course of business in bringing these items to their present location and condition. The cost of finished goods comprises of cost of raw materials, packing materials, direct labor and production related overheads (based on normal capacity). Net realizable value is based on estimated selling price less any further costs expected to be incurred to make the sale.

3.10 Financial Instruments

Financial assets and liabilities are recognized on the Statement of Financial Position when the company has become a party to a contractual provision of the instrument.

• Receivables

i) Recognition and Measurement-

Trade receivable consists of due proceeds against sales through L/C with a tenure of 60 days to 120 days and realizable at the maturity date.

ii) Bad and Doubtful Debts-

The Company does not have bad and doubtful debts because its sales/export are based on 100% confirm letter of credit with fixed maturity date.

3.11 Advances, deposits and pre-payments

(a) There was no amount due from the Directors (Including Managing Director), Managing Agent, Manager and other Officers of the Company and any of them severally or jointly with any other person.

(b) There was no amount due by the associated undertaking.

(c) The advances, deposits considered good and recoverable.

3.12 Contribution to Workers' Profit Participation and Welfare Fund

As per section 232 (3) of the Bangladesh Labour Act 2006 and Rule 212 of the labour Rules 2015, the Government has established a "Central Fund" for workers profit participation and welfare in 100% export oriented RMG sector. With effect from 01 July 2016, 0.03% of the export proceeds are deducted and deposited to the fund by the concerned bank receiving such export proceeds. The amount are contributed to "Central Fund" has been recognised as expences of the company.



3.13 Employee benefits

Short-term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Festival Bonus

The company recognizes the cost of festival bonus payment when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made under IAS 19: Employees Benefit. Festival bonus is a present obligation of the company as it has no realistic alternative but to make the payment.

Employees' service benefit

The company also maintains an unfunded Employees' service benefit scheme for its permanent employees except for the employees employed on contractual basis. Employees are entitled to receive Employees' service benefit after completion of their minimum five years' service in respect of the employees eligible for this benefit.

Leave Encashment

The company also maintains a leave encashment scheme for its permanent employees except for the employees employed on contractual basis. Employees are entitled to receive leave encashment benefit at the time of separation from employment.

3.14 Right of use assets and lease liability

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

Recognition

A right-of-use asset and a lease liability is recognized by the company at the commencement date.

Measurement

Initial measurement of the right-of-use asset

At the commencement date, the right-of-use asset are measured at cost.

Initial measurement of the lease liability

At the commencement date, the lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease/incremental borrowing rate which is 9%.

Subsequent measurement of the right-of-use asset

After the commencement date, the right-of-use asset are measured applying a cost model.

Cost model

To apply a cost model, a lessee shall measure the right-of-use asset at cost:

a) less any accumulated depreciation and any accumulated impairment losses; and



b) adjusted for any remeasurement of the lease liability.

The straight-line depreciation is applying as per requirements in IAS 16 Property, Plant and Equipment is applied in depreciating the right-of-use asset.

IAS 36 Impairment of Assets is applied to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Subsequent measurement of the lease liability

After the commencement date, the lease liabilities are measured by:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Deferred tax application

The difference between the lease liability payment and depreciation on right of use of asset that has been reflected in the statement of comprehensive income is an accounting difference. For deferred tax calculation, the difference has been considered as permanent difference.

3.15 Contingent liabilities and assets

Current or possible obligations or assets arising from past events and whose existence is due to the occurrence or non-occurrence of one or more uncertain events which are not within the control of the company.

3.16 Events after the Reporting Period

As per IAS-10 "Events after the Reporting Period" are those event favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. There are no events after the end of the reporting period.

3.17 Accounting policies, changes in accounting estimates and errors

As per IAS-8 "Accounting Policies, Changes In Accounting Estimates and Errors" shall be applied in selecting and applying accounting policies, and accounting for changes in accounting policies, changes in accounting estimates and correction of prior period errors. The company maintain the provision of this standard as required.

3.18 General

Previous year's figures have been regrouped/reclassified wherever considered necessary to conform to current year's presentation. Figures have been rounded off to the nearest Taka as the currency represented in these financial statements.

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| | 31-Mar-2024 | 31-Mar-2023 |
|---|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 4 Property, plant and equipment (PPE) | | |
| Cost | 462,295,903 | 383,023,830 |
| Less: Accumulated depreciation | 174,940,624 | 153,846,263 |
| Carrying value as at 31.03.2024 | 287,355,279 | 229,177,567 |
| Carrying value of revalued assets | 160,824,106 | 168,019,057 |
| Carrying value after revaluation as at 31.03.2024 | 448,179,385 | 397,196,624 |
| Details of property, plant and equipment and depreciation as at 31 March 2024 are shown in Schedule-A. | | |
| 5 Right of use assets | | |
| Opening balance | 3,547,591 | 3,291,847 |
| Addition during the period | - | 1,100,638 |
| Depreciation during the period | (1,330,347) | (844,894) |
| Closing balance | 2,217,244 | 3,547,591 |
| Detail are described in Note 3.14 | | |
| 6 Intangible assets (Software) | | |
| Opening balance | 491,371 | 163,246 |
| Addition during the period | 245,979 | 400,000 |
| | 737,350 | 563,246 |
| Less: Amortization @ 30% | 184,626 | 71,875 |
| | 552,724 | 491,371 |
| Add. Capital work in progress | 160,166 | - |
| Closing balance | 712,890 | 491,371 |
| 7 Inventories | | |
| Raw materials and packing materials | 131,430,647 | 110,992,964 |
| Work-in-process | 155,010,578 | 57,355,056 |
| Finished goods | 24,145,317 | 125,849,353 |
| Spares, Stores & Consumables | 2,656,265 | - |
| Total | 313,242,808 | 294,197,373 |
| 8 Trade receivables | | |
| Receivables from Related Parties | 114,319,194 | 76,343,335 |
| Closing balance | 114,319,195 | 76,343,335 |
| This represents invoice value of goods exported to the buyer under sales contracts. This is considered good and collectible. No amount was written off as bad and no provision has been made for doubtful debt. | | |
| 9 Incentive receivables | | |
| Opening balance | 13,530,944 | 11,949,116 |
| Add: Incentive income during the period | 8,984,368 | 21,062,828 |
| | 22,515,312 | 33,011,944 |
| Less: Realization during the period | 18,423,001 | 19,481,000 |
| Closing balance | 4,092,311 | 13,530,944 |



| | 31-Mar-2024 | 31-Mar-2023 |
|---|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 10 Advances, deposits and pre-payments | | |
| Security deposit | 1,943,855 | 1,501,855 |
| LC margin | 4,640,571 | 674,088 |
| Advance against suppliers | 49,506,569 | 15,769,572 |
| Advance against salary and wages | 5,933,750 | 2,999,000 |
| Prepaid expenses | 13,960,652 | 1,377,604 |
| Prepaid insurance | 1,435,394 | - |
| Other advances | 12,634,249 | 1,289,499 |
| Total | 90,055,039 | 23,611,618 |
| 11 Advance income tax | | |
| Opening balance | 20,490,327 | 27,722,243 |
| Addition during the period | 24,186,759 | 20,490,327 |
| Adjustment during the period | (20,457,330) | (27,722,243) |
| Closing balance | 24,219,757 | 20,490,327 |
| The balance of advance income tax not adjusted yet due to income tax assessment has not been completed. | | |
| 12 Cash and cash equivalents | | |
| Cash in hand | 1,738,133 | 592,725 |
| Funds-In-Transit | - | 32,003,748 |
| Cash at bank | 255,349,481 | 276,764,206 |
| Total | 257,087,614 | 309,360,679 |
| 12.1 Cash at bank | | |
| AB Bank Limited (SND AC # 4004-785938-430) | 258 | 824 |
| AB Bank Limited (STD AC # 4004-785938-431) | 258 | 255 |
| AB Bank Limited (STD AC # 4004-785938-432) | 345 | 912 |
| AB Bank Limited (CD AC # 4004-785938-000) | 716 | 4,866 |
| Dutch Bangla Bank Limited (AC # 1161100024351) | 403,998 | 131,260 |
| City Bank (Margin AC # 1000241001373) | 24,568,240 | - |
| City Bank (ERQ AC # 5123903689001) | 1,913,507 | - |
| City Bank Limited-1103903689001 | 1,622,485 | - |
| UCBL Fixed Deposit | 900,000 | - |
| UCBL (CD A/C # 0951101000012614) | 11,740,496 | 883,000 |
| UCBL (ERQ FC # -0951181000000180) | 11,101,768 | 3,827,804 |
| UCBL (BTB Margin # 0951184000000298) | 203,097,410 | 271,915,285 |
| Total | 255,349,481 | 276,764,206 |
| 13 Share capital | | |
| Authorized share capital | 200,000,000 | 200,000,000 |
| (2,000,000 ordinary shares @ Tk.100 each) | | |
| Issued, subscribed and paid up share capital | 172,885,300 | 172,885,300 |
| (1,728,853 ordinary shares @ Tk. 100 each) | | |
| Details of issued, subscribed and paid up share capital is as follows: | | |
| Pearl Global (HK) Ltd. | 132,330,500 | 90,086,000 |
| (1,323,305 ordinary shares @ Tk. 100 each)-31.12.2023 | | |
| (900,860 ordinary shares @ Tk. 100 each)-31.03.2023 | | |
| Mr. Pareshkumar Suryakumar Powani | 40,554,800 | 82,799,300 |
| (405,548 ordinary shares @ Tk. 100 each)-31.12.2023 | | |
| (827,993 ordinary shares @ Tk. 100 each)-31.03.2023 | | |
| Total | 172,885,300 | 172,885,300 |



| | 31-Mar-2024 | 31-Mar-2023 |
|--|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 14 Revaluation Surplus | | |
| Opening balance | 164,658,674 | 170,441,432 |
| Adjustment for deferred tax | (3,072,583) | 118,015 |
| Adjustment for depreciation | (7,194,949) | (5,900,773) |
| Total | 154,391,141 | 164,658,674 |
| 15 Long term loans (secured)-net off current maturity | | |
| Term loan- 095SHPL221600001 | 203,312 | 963,458 |
| Term loan- 095SHPL221430001 | 139,355 | 919,389 |
| Term loan 095SHPL213290001 | - | 318,822 |
| Term loan 095STLN213210001 | - | 576,626 |
| Term Loan- 095STLN231700001 | 72,539,253 | - |
| Term loan (Take over) 095STLN212360001 | - | 17,609,521 |
| Total | 72,881,920 | 20,387,815 |

This represents that portion of present outstanding balances of the above term loans which are payable after twelve months from the balance sheet date. The position of the loans are regular. The amount of loans which are payable within 12 months are considered as current liability and disclosed in Note-21.

16 Lease liabilities

| | | |
|--|------------------|------------------|
| Opening balance | 3,828,014 | 3,370,530 |
| Addition during the period | 290,570 | 1,272,205 |
| Less: Paid during the period | 1,620,000 | 814,721 |
| | 2,498,583 | 3,828,014 |
| Less: Current portion of lease liability | 1,454,140 | 1,329,430 |
| Closing balance | 1,044,444 | 2,498,584 |

Detail are described in Note 3.14

17 Deferred tax liability

Deferred tax has been recognized and measured in accordance with the provision of IAS 12, Income taxes.

Deferred tax arrived at 31 March 2024 as follows:

| | Carrying Amount as at 31 Mar 2024 | Tax base as at 31 Mar 2024 | Taxable/(deducta ble)Temporary difference |
|---|---|-------------------------------|---|
| PPE except land, revaluation surplus of land & factory building | 165,624,778 | 140,926,137 | 24,698,641 |
| Intangible assets | 712,890 | 456,946 | 255,943 |
| Employees' service benefit | 25,423,383 | - | (25,423,383) |
| Temporary difference except revaluation surplus of land and factory building | | | (468,798) |
| Revaluation surplus on land and factory building | | | 160,824,107 |
| Total temporary difference | | | 160,355,308 |



| Deferred tax liability as at 31 Mar 2024 | Equity | P&L | Total |
|---|------------------|--------------------|------------------|
| Deferred tax on PPE except land @ 10% | - | (46,880) | (46,880) |
| Deferred tax on land @ 4% u/s 125 | 6,432,964 | - | 6,432,964 |
| Deferred tax liability as at 31 Mar 2024 | 6,432,964 | (46,880) | 6,386,084 |
| Changes in deferred tax liability | Equity | P&L | Total |
| Balance as at 31 Mar 2024 | 6,432,964 | (46,880) | 6,386,084 |
| Balance as at 31 Mar 2023 | 3,360,381 | 2,740,948 | 6,101,329 |
| Deferred tax expenses/(income) | 3,072,583 | (2,787,828) | 284,755 |

Deferred tax liability at 31 March 2023 as follows:

| | Carrying Amount as at 31 March 2023 | Tax base as at 31 March 2023 | Taxable/(deductible) Temporary difference |
|--|-------------------------------------|------------------------------|---|
| PPE except land, revaluation surplus of land & factory building | 167,229,379 | 127,983,367 | 39,246,011 |
| Intangible assets | 491,371 | 239,295 | 252,076 |
| Employees' service benefit | 12,088,610 | - | (12,088,610) |
| Temporary difference except revaluation surplus of land and factory building | | | 27,409,478 |
| Revaluation surplus on land and factory building | | | 168,019,057 |
| Total temporary difference | | | 195,428,535 |

| Deferred tax liability as at 31 March 2023 | Equity | P&L | Total |
|---|------------------|------------------|------------------|
| Deferred tax on PPE except land @ 10% | - | 2,740,948 | 2,740,948 |
| Deferred tax on land @ 2% u/s 53H | 3,360,381 | - | 3,360,381 |
| Deferred tax liability as at 31 March 2023 | 3,360,381 | 2,740,948 | 6,101,329 |
| Changes in deferred tax liability | Equity | P&L | Total |
| Balance as at 31 March 2023 | 3,360,381 | 2,740,948 | 6,101,329 |
| Balance as at 30 June 2022 | 3,478,397 | 2,657,226 | 6,135,623 |
| Deferred tax expenses/(income) | (118,015) | 83,721 | (34,294) |

| | 31-Mar-2024 | 31-Mar-2023 |
|--|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 18 Employees' service benefit payable | | |
| Opening balance | 12,088,610 | 6,574,956 |
| Add: Provision/Adjustment for the period | 14,763,814 | 6,482,234 |
| | 26,852,424 | 13,057,190 |
| Less: Payments to retired employees | 1,429,041 | 968,580 |
| Closing balance | 25,423,383 | 12,088,610 |
| 19 Trade payable | | |
| Trade Payables | 332,526,709 | 286,664,189 |
| Total | 332,526,709 | 286,664,189 |

The company has obtained BTB liability from United Commercial Bank Ltd. for importing of fabrics and accessories for execution of export orders. The validity of each L/C shall be at sight or Usance up to 180 days as per the Guidelines for Foreign Exchange Transactions of Bangladesh Bank. BTB L/C opening commission is fixed at 0.30% flat per quarter for 180 days both for Opening & Acceptance each. These liabilities are to be settled from relative export proceeds or from own source. Details of securities are given in Note-21.05.



| | | 31-Mar-2024 | 31-Mar-2023 |
|---|---|--------------------|--------------------|
| | | <u>Taka</u> | <u>Taka</u> |
| 20 Current account with associates | | | |
| Norp Knit Industries Ltd. | | - | 19,094,598 |
| Total | | - | 19,094,598 |
| 21 Short term loan from bank | | | |
| Overdraft-United Commercial Bank Limited | (Note 21.1) | 22,534,591 | 27,140,851 |
| UCBL Working Capital Loan | (Note 21.2) | 83,106,791 | 43,884,375 |
| Overdraft-City Bank Limited | (Note 21.3) | 30,204,952 | - |
| Working capital Loan | (Note 21.4) | 26,937,009 | - |
| EDF loan-UCBL | | 41,919,269 | 171,631,648 |
| Current Portion of long term loan | | 29,657,643 | 42,591,043 |
| Total | | 234,360,255 | 285,247,917 |
| 21.1 | The company has obtained Overdraft loan from United Commercial Bank Ltd. Corporate Branch, Gulshan Avenue, Dhaka to meet up the working capital requirement of the company and the rate of interest is applicable 12% to 14% p.a quarterly basis subject to change of smart rate. Details of securities are given in Note-21.5. | | |
| 21.2 | The company has obtained Working capital loan i.e. Time loan, PC loan and other working capital loan from United Commercial Bank Ltd. Corporate Branch, Gulshan Avenue, Dhaka to meet up the additional working capital requirement of the company and the rate of interest is applicable 12% to 14% p.a subject to change of smart rate. Details of securities are given in Note-20.5. | | |
| 21.3 | The company has obtained Overdraft loan from the City Bank Ltd. Corporate Branch, Gulshan Avenue, Gulshan-2, Dhaka to meet up the working capital requirement of the company and the rate of interest is applicable 12% to 14% p.a quarterly basis subject to change of smart rate.. Details of securities are given in Note-21.5. | | |
| 21.4 | The company has obtained Working capital Loan fromThe City Bank Ltd. Corporate Branch, Gulshan Avenue, Gulshan-2, Dhaka to meet up the additional working capital requirement of the company and the rate of interest is applicable 12% to 14% p.a subject to change of smart rate. Details of securities are given in Note-21.5. | | |
| 21.5 | Securities arrangement for loans | | |
| | The security agreements of the loan are, the Hypothecation of fixed and floating assets including plant, machineries and equipments, raw materials, packing materials, work in process, finished goods, goods in transit, debts and receivable and as collateral a) Registered mortgage on 76 decimal land with factory building thereon located at Dist: Dhaka, PS: Ahsulia, Mouza: Tenguri, Plot no. CS & SA-48 & 523, RS-38 & Dag No.-70, RS-20 & BS 41/999 and Dag No. 933/936 owned by Alpha Clothing Ltd.; b) Continuation of registered mortgage on 25.50 decimal land thereon located at Dist: Dhaka, PS: Savar Sub registry office: Ashulia, Mouza: Tenguri, Mouza No. CS-523, RS-38, Khatian No-1, SA-1, R.S-1, Mutation khatian-416 and Joth-412. CS & SA Dag No.-68, RS-42 owned by Alpha Clothing Ltd.; c) Continuation of registered mortgage on 18.25 decimal land thereon located at Dist: Dhaka, PS: Ashulia & Sub registry office: Ashulia, Mouza: Tenguri, CS-523, RS-38, Khatian No.-CS-48, SA-61, RS-20, Plot No.-CS & SA-70, RS-41 owned by Alpha Clothing Ltd. | | |



| | 31-Mar-2024 | 31-Mar-2023 |
|--|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| 22 Liability for expenses and other payable | | |
| Provision for Audit and professional fees | 684,927 | 461,433 |
| Trade, Employee & Other Payable | 189,619 | - |
| Withholding tax payable | 3,402,617 | 695,126 |
| Interest payable | 5,289,989 | 1,148,576 |
| Un-Invoiced Vendor Liability | 42,324,522 | 72,666,670 |
| Provision for leave encashment (Note: 22.1) | 9,334,186 | 8,016,843 |
| Salary, allowance and overtime payable | 47,496,850 | 29,075,063 |
| Total | 108,722,711 | 112,063,712 |
| 22.1 Provision for leave encashment | | |
| Opening balance | 8,016,843 | 11,641,635 |
| Add: Provision/Adjustment for the period | 2,712,133 | 4,098,344 |
| | 10,728,976 | 15,739,979 |
| Less: Payments to employees | 1,394,790 | 7,723,136 |
| Closing balance | 9,334,186 | 8,016,843 |
| 23 Provision for current income tax | | |
| Opening balance | 20,457,330 | 27,731,671 |
| Addition during the period | 24,186,760 | 20,457,329 |
| Adjustment during the period | (20,457,330) | (27,731,670) |
| Closing balance | 24,186,761 | 20,457,330 |

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| | | 03 Months | 12 Months | 03 Months | 07 Months |
|---|-----------|--------------------|----------------------|--------------------|--------------------|
| | | 01 Jan 2024 | 01 Apr 2023 | 01 Jan 2023 | 05 Sep 2022 |
| | | to | to | to | to |
| | | 31 Mar 2024 | 31 Mar 2024 | 31 Mar 2023 | 31 Mar 2023 |
| | | Taka | Taka | Taka | Taka |
| 24 Cost of goods sold | | | | | |
| Raw material consumed | Note 24.1 | 359,916,291 | 1,309,787,201 | 295,738,614 | 707,363,969 |
| Wages | | 114,301,423 | 332,537,146 | 61,938,290 | 135,940,406 |
| Manufacturing expenses | Note 24.2 | 50,871,769 | 204,833,673 | 32,368,151 | 72,263,481 |
| Cost of goods manufactured | | 525,089,483 | 1,847,158,020 | 390,045,055 | 915,567,856 |
| Add: Opening work in process | | 176,983,563 | 57,355,056 | 70,876,292 | 33,051,458 |
| Less: Closing work in process | | 155,010,578 | 155,010,578 | 57,355,056 | 57,355,056 |
| Cost of production | | 547,062,468 | 1,749,502,497 | 403,566,291 | 891,264,258 |
| Add: Opening finished goods | | 25,781,227 | 125,849,353 | 161,205,199 | 146,516,308 |
| Less: Closing finished goods | | 24,145,317 | 24,145,317 | 125,849,353 | 125,849,353 |
| Total cost of goods sold | | 548,698,379 | 1,851,206,533 | 438,922,136 | 911,931,212 |
| 24.1 Raw material consumed | | | | | |
| Opening inventory | | 202,980,897 | 110,992,964 | 110,597,979 | 53,578,692 |
| Purchases during the period | | 288,366,037 | 1,330,224,880 | 296,133,599 | 764,778,241 |
| Closing inventory | | 131,430,642 | 131,430,642 | 110,992,964 | 110,992,964 |
| | | 359,916,291 | 1,309,787,201 | 295,738,614 | 707,363,969 |
| 24.2 Manufacturing expenses | | | | | |
| Testing charges | | 2,859,730 | 11,218,542 | 2,201,133 | 4,777,764 |
| Clearing & Forwarding inward charges | | 6,212,587 | 25,476,043 | 5,613,745 | 11,699,479 |
| Courier - Input | | 648,775 | 4,561,939 | 588,564 | 2,566,532 |
| Power & fuel | | 6,438,302 | 23,220,089 | 4,274,354 | 9,798,831 |
| Rental expenses | | 724,737 | 2,868,948 | 634,737 | 1,494,431 |
| Processing charges | | 19,282,777 | 82,347,919 | 7,044,776 | 14,994,052 |
| Machinery hire charges | | 645,369 | 2,385,054 | 516,786 | 1,596,913 |
| Stores, Spares & Maintenance | | 5,922,820 | 19,463,976 | 3,207,011 | 7,111,790 |
| Insurance expenses | | 1,881,238 | 7,317,420 | 1,682,631 | 3,413,079 |
| Factory cleaning & upkeep | | 257,744 | 1,124,720 | 216,780 | 391,652 |
| Depreciation (FO) | | 5,997,690 | 24,849,023 | 6,387,634 | 14,418,958 |
| Total | | 50,871,769 | 204,833,673 | 32,368,151 | 72,263,481 |
| 25 Administrative, selling and distribution expenses | | | | | |
| Salary and allowance | | 46,540,198 | 166,202,772 | 32,870,062 | 71,379,336 |
| Audit and professional fees | | 2,053,075 | 4,913,180 | 1,069,132 | 2,231,250 |
| Office rent | | 67,104 | 268,416 | 199,104 | 453,224 |
| Communication expenses | | 1,244,372 | 2,974,330 | 512,310 | 908,829 |
| Courier & postage | | 2,032,644 | 8,164,870 | 2,363,749 | 4,353,949 |
| Office stationery | | 865,930 | 8,305,482 | 2,093,107 | 5,058,483 |
| Miscellaneous expenses | | 157,548 | 3,862,356 | 342,500 | 1,123,482 |
| Travelling expenses | | 469,023 | 1,934,628 | 432,204 | 868,264 |
| Staff welfare exp. | | 989,133 | 3,611,940 | 395,395 | 881,131 |
| Car Hire Charges & Vehicle Fuel | | 3,708,951 | 13,919,345 | 2,899,149 | 5,888,282 |
| Recruitment Expense | | 24,259 | 73,299 | 35,254 | 61,215 |
| License, registration and renewal fees | | 245,363 | 607,728 | 97,862 | 246,484 |
| Overseas travelling | | 873,777 | 3,073,183 | 451,277 | 2,186,059 |
| Clearing & forwarding outward | | 4,755,051 | 15,290,896 | 4,378,348 | 6,985,692 |
| Made sample expenses | | 8,242 | 267,731 | - | - |
| Exchange loss | | 1,507,716 | - | - | - |

| | | | | |
|-------------------------------------|-------------------|--------------------|-------------------|--------------------|
| Air Freight Charges | 2,685,289 | 2,685,289 | - | - |
| Depreciation on right of use assets | 332,587 | 1,330,348 | 332,587 | 684,316 |
| Depreciation of tangible assets | 1,229,390 | 4,276,070 | 753,210 | 1,592,018 |
| Amortization of intangible assets | 44,683 | 184,626 | 39,252 | 63,019 |
| Total | 69,834,336 | 241,946,489 | 49,264,502 | 104,965,033 |

| | 03 Months | 12 Months | 03 Months | 07 Months |
|--|-------------|-------------|-------------|-------------|
| | 01 Jan 2024 | 01 Apr 2023 | 01 Jan 2023 | 05 Sep 2022 |
| | to | to | to | to |
| | 31 Mar 2024 | 31 Mar 2024 | 31 Mar 2023 | 31 Mar 2023 |
| | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> | <u>Taka</u> |

| | | | | |
|---|------------------|-------------------|------------------|-------------------|
| 26 Finance expense and bank charge | | | | |
| Interest on Long Term Loan | (2,225,084) | 4,346,530 | 1,544,149 | 1,280,923 |
| Interest on Overdraft | 984,515 | 3,181,860 | 747,180 | 1,386,834 |
| Bank Charges | 706,586 | 3,181,458 | 543,481 | 1,167,032 |
| Interest on Short Term Loan | 3,024,733 | 9,556,061 | 3,065,162 | 8,186,605 |
| Bank Charges-LC | 3,165,411 | 12,431,828 | 1,539,329 | 3,124,705 |
| Total | 5,656,161 | 32,697,737 | 7,439,301 | 15,146,099 |

| | | | | |
|---------------------------------|---------------|------------------|------------------|-------------------|
| 27 Cash incentive income | | | | |
| Government Incentive Income | 86,383 | 8,984,368 | 6,358,860 | 15,367,745 |
| Total | 86,383 | 8,984,368 | 6,358,860 | 15,367,745 |

27.1 The amount of cash incentive income for the period arisen from claim to bank which is disclosed in Note-9. As per SRO 253-AIN/IT-09/2023 dated 23 August 2023 the tax liability will be arisen when the amount is realized. So, no tax applicable on unrealized amount of cash incentive during the year.

| | | | | |
|--|------------------|-------------------|------------------|-------------------|
| 28 Income tax expenses | | | | |
| Current tax expenses | 8,425,374 | 24,269,923 | 6,560,145 | 14,031,520 |
| Deferred tax expenses/(income) (Note-17) | (622,825) | (2,787,828) | 228,952 | (1,376) |
| Total | 7,802,549 | 21,482,095 | 6,789,097 | 14,030,144 |

| | | | | |
|--|--------------------|---------------------|--------------------|--------------------|
| 29 Other comprehensive income | | | | |
| Deferred tax for revaluation surplus (Note-17) | 69,046 | (3,072,583) | 37,772 | 88,865 |
| Depreciation of revalued assets | (1,726,150) | (7,194,949) | (1,888,596) | (4,443,254) |
| Total | (1,657,104) | (10,267,532) | (1,850,824) | (4,354,389) |

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30 Particulars of employee

| | 31-Mar-2024 | 31-Mar-2023 |
|-----------------------------|--------------|--------------|
| | <u>Taka</u> | <u>Taka</u> |
| Nationality: | | |
| Bangladeshi | 2,098 | 1,848 |
| Non-Bangladeshi | 9 | 8 |
| Total | 2,107 | 1,856 |
| Salary range: | | |
| Monthly Taka 3,000 or above | 2,107 | 1,856 |
| Monthly below Taka 3,000 | - | - |
| Total | 2,107 | 1,856 |

31 Financial risk management

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, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

- Credit risks
- Liquidity risks
- Market risk
- **Credit risk:**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 31-Mar-2024 | 31-Mar-2023 |
|---|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| Trade receivables | 114,319,195 | 76,343,335 |
| Incentive receivables | 4,092,311 | 13,530,944 |
| Advances, deposits and pre-payments | 90,055,039 | 23,611,618 |
| Cash and cash equivalents except cash in hand | 255,349,481 | 308,767,954 |
| Total | 463,816,026 | 422,253,851 |



• **Liquidity risk:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities. The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

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

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

The following are the contractual maturities of financial liabilities :

| | <u>31-Mar-2024</u> | <u>31-Mar-2023</u> |
|--|--------------------|--------------------|
| | <u>Taka</u> | <u>Taka</u> |
| Trade payable | 332,526,709 | 286,664,189 |
| Current account with associates | - | 19,094,598 |
| Short term loan from bank | 234,360,255 | 285,247,917 |
| Liability for expenses and other payable | 24,186,761 | 20,457,330 |
| Total | 591,073,725 | 611,464,034 |

• **Market risk**

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that 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 level.

Currency risk

Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.



32 Related Party Transactions

During the period the company entered in to related party Transaction in normal course of business. Details are as follows:

| SL | Name | Relation | Nature of transaction | Balance as at 01 April 2023 | | Transaction during the period | | Balance as at 31 March 2024 |
|----|------------------------------|---------------|-----------------------|-----------------------------|--|-------------------------------|-------------|-----------------------------|
| | | | | Receivable/ (Payable) | | Debit | Credit | Receivable/ (Payable) |
| 1 | Pearl Global (HK) Limited | Related party | Export Sales/Advance | (3,773,129) | | 344,861,546 | 305,340,452 | 35,747,965 |
| 2 | Pearl Grass Creations Ltd. | Related party | Export Sales | 9,770,292 | | 387,316,785 | 383,425,572 | 13,661,505 |
| 3 | PEARL GLOBAL USA, INC. | Related party | Export Sales | - | | 459,333,567 | 436,736,269 | 22,597,298 |
| | | | Expense/advance | - | | 287,373 | 287,373 | - |
| 4 | Trinity Clothing Limited | Related party | Export Sales | 70,346,171 | | 918,104,471 | 965,072,628 | 23,378,014 |
| 5 | PEARL GLOBAL INDUSTRIES LTD. | Related party | Expense | - | | 3,615,679 | 3,632,850 | 17,171 |
| 6 | PEARL GLOBAL INDUSTRIES FZCO | Related party | Export Sales | - | | 18,934,413 | - | 18,934,413 |
| 7 | Norp Knit Industries Limited | Related party | Expense/advance | (19,094,598) | | 42,103,006 | 23,008,409 | - |



Managing Director



Director



Finance Controller



ALPHA CLOTHING LIMITED

Schedule of property, plant and equipment (PPE)

as at 31 March 2024 and for the period from 01 January 2024 to 31 March 2024

| Depreciation schedule on historical cost | | | | | Amount in Taka | | | |
|--|---------------------|----------------------------------|------|---------------------------|---------------------|---------------------------------|---------------------------|---------------------------------|
| ASSETS | COST | | | Total as at 31.03.2024 | DEPRECIATION | | | Carrying Value 31.03.2024 |
| | As at 01.01.2024 | Addition during the Period | Rate | | As at 01.01.2024 | Charged during the Period | Total as at 31.03.2024 | |
| Land and land development | 61,186,230 | - | 0% | 61,186,230 | - | - | - | 61,186,230 |
| Factory building | 130,943,551 | - | 10% | 130,943,551 | 55,724,708 | 1,875,318 | 57,600,026 | 73,343,525 |
| Plant and machineries | 158,303,448 | - | 15% | 158,303,448 | 94,228,635 | 2,396,222 | 96,624,857 | 61,678,591 |
| Motor vehicle | 4,262,224 | - | 20% | 4,262,224 | 2,123,083 | 106,664 | 2,229,747 | 2,032,477 |
| Furniture and fixture | 9,007,685 | 44,391 | 10% | 9,052,076 | 3,078,694 | 147,915 | 3,226,609 | 5,825,467 |
| Computer and computer equipment | 10,141,233 | 656,907 | 20% | 10,798,140 | 1,271,694 | 444,371 | 1,716,065 | 9,082,075 |
| Office equipment | 27,193,465 | 12,500 | 15% | 27,205,965 | 13,012,881 | 530,440 | 13,543,321 | 13,662,644 |
| Capital work in progress | 1,540,381 | 59,003,889 | 0% | 60,544,270 | - | - | - | 60,544,270 |
| Total as on 31.03.2024 (A) | 402,578,216 | 59,717,687 | | 462,295,903 | 169,439,694 | 5,500,930 | 174,940,624 | 287,355,278 |
| Total as on 31.03.2023 (C) | 339,042,790 | 43,981,040 | | 383,023,830 | 138,693,242 | 15,153,021 | 153,846,263 | 229,177,567 |

Depreciation schedule on Revaluation Surplus

| Depreciation schedule on Revaluation Surplus | | | | | | | |
|--|---------------------|----------------------------------|---------------------------|--------------|---------------------|---------------------------------|------------------------------|
| ASSETS | COST | | | DEPRECIATION | | | Carrying Value 31.03.2024 |
| | As at 01.01.2024 | Addition during the Period | Total as at 31.03.2024 | Rate | As at 01.01.2024 | Charged during the Period | |
| Land and land development | 93,314,610 | - | 93,314,610 | 0% | - | - | 93,314,610 |
| Factory building | 86,965,965 | - | 86,965,965 | 10% | 17,730,318 | 1,726,150 | 19,456,468 |
| Total as on 31.03.2024 (B) | 180,280,575 | - | 180,280,575 | | 17,730,318 | 1,726,150 | 160,824,107 |
| Grand Total as on 31.03.2024 (A+B) | 582,858,791 | 59,717,687 | 642,576,478 | | 187,170,013 | 7,227,080 | 448,179,385 |
| Total as on 31.03.2023 (D) | 180,280,575 | - | 180,280,575 | | 6,360,745 | 5,900,773 | 168,019,057 |
| Grand Total as on 31.03.2023 (C+D) | 519,323,365 | 43,981,040 | 563,304,405 | - | 145,053,987 | 21,053,794 | 397,196,624 |

Depreciations are charged as follows:

01 Jan 2024 to 01 Apr 2023

to

31 Mar 2024 to 31 Dec 2023

| | | |
|-----------------------------|------------------|-------------------|
| Manufacturing expenses (A) | 5,997,690 | 18,851,333 |
| Administrative expenses (B) | 1,229,390 | 3,046,680 |
| Total depreciation | 7,227,080 | 21,898,013 |

A. Manufacturing expenses
 Factory building
 Plant & Machineries

| |
|------------------|
| 3,601,468 |
| 2,396,222 |
| 5,997,690 |

B. Administrative expenses
 Motor Vehicle
 Furniture & Fixture
 Computer & Computer Equipment
 Office Equipment

| |
|------------------|
| 106,664 |
| 147,915 |
| 444,371 |
| 530,440 |
| 1,229,390 |

