

Independent Auditor's Report on the Financial Statements of
VIP Industries Bangladesh Private Limited
For the year ended 31 March 2020

Submitted By-
Howladar Yunus & Co.
Chartered Accountants

23 May 2020

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Independent Auditor's Report
To the Shareholders VIP Industries Bangladesh Private Limited
Report on the Audit of the Financial Statements

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Opinion

We have audited the financial statements of VIP Industries Bangladesh Private Limited (the "Company"), which comprise the financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note 2.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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 and Internal Controls

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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

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

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.
- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements.

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

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

Report on other Legal and Regulatory Requirements

In accordance with the Companies Act 1994 and the Securities and Exchange Rules 1987, 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 do 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;
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns; and
- d) the expenditure incurred was for the purposes of the Company's business.



Chartered Accountants

Dated: Dhaka
23 May 2020

VIP Industries Bangladesh Private Limited
Statement of Financial Position
As at 31 March 2020

	Note	Amount in Taka	
		March 31, 2020	March 31, 2019
ASSETS			
Non current assets			
Property, plant and equipment	4	114,676,311	120,883,080
Right-of-use asset	5	23,383,853	-
Capital work in progress		62,858	98,850
Intangible assets	6	480,807	721,942
Long term -advances and deposits	7	5,601,940	5,467,714
		144,205,769	127,171,586
Current assets			
Inventories	8	251,558,698	207,526,083
Trade receivables	9	325,087,594	375,798,660
Short term - advances and prepayments	10	31,874,707	16,934,024
Cash and bank balances	11	10,394,531	12,524,410
		618,915,530	612,783,177
Total assets		763,121,299	739,954,763
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	90,704,750	90,704,750
Retained earnings	13	286,797,568	309,249,595
Total shareholders' equity		377,502,318	399,954,345
Non current liabilities			
Redeemable cumulative preference shares	14	170,392,790	170,392,790
Lease liability	15	21,831,939	-
Deffered tax liabilities	16	8,633,334	-
		200,858,063	170,392,790
Current liabilities			
Lease liability	17	2,225,267	-
Trade payables	18	108,980,754	117,731,334
Other payable	19	73,554,897	51,876,294
Total current liabilities		184,760,918	169,607,628
Total liabilities		385,618,981	340,000,418
Total Equity and Liabilities		763,121,299	739,954,763

The annexed notes form an integral part of these financial statements


Director


Director

Signed in terms of our separate report of even date


Chartered Accountants

Dated: Dhaka
May 23, 2020

VIP Industries Bangladesh Private Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2020

	Note	Amount in Taka	
		March 31, 2020	March 31, 2019
Revenue		790,296,024	790,031,581
Cost of revenue	20	-614,913,550	(599,617,969)
Gross Profit/(Loss)		175,382,474	190,413,612
Administrative expenses	21	27,777,079	27,036,296
Selling and distribution expenses	22	27,224,291	27,782,266
Interest on finance lease	23	1,925,930	-
Finance cost	24	13,631,424	13,631,424
		70,558,724	68,449,986
Profit from operations		104,823,750	121,963,626
Other income		3,912,565	(1,266,222)
Profit before tax		108,736,315	120,697,404
Provision for taxation			
Current tax expense	25	22,383,502	21,286,955
Deferred tax expense		8,633,334	-
Profit for the year		77,719,479	99,410,449
Other comprehensive income		-	-
Items that will not be reclassified to profit or loss			
-Remeasurement benefit of defined benefit plans		(499,000)	-
-Income tax relating to above items		102,719	-
Other comprehensive income for the year, net of tax		(396,281)	-
Total comprehensive income for the year		77,323,198	99,410,449

The annexed notes form an integral part of these financial statements


Director


Director

Signed in terms of our separate report of even date


Chartered Accountants

Dated: Dhaka
May 23, 2020

VIP Industries Bangladesh Private Limited
Statement of Cash Flow
As at 31 March 2020

	(Amount in Tk)	
	March 31, 2020	March 31, 2019
A. Cash Flows from Operating Activities		
Cash received from customer	841,007,090	708,240,402
Cash paid to suppliers & Operating Expenses	(715,658,267)	(673,826,735)
Finance Cost	(13,631,424)	(13,631,424)
Other Income	3,912,565	(1,266,222)
Net Cash flows from operating activities	115,629,965	19,516,021
B. Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(4,353,195)	(7,370,136)
Net Cash flows from investing activities	(4,353,195)	(7,370,136)
C. Financing Activities		
Payment of Dividend on Equity Shares	(99,775,225)	
Payment of Dividend on Redeemable Cumulative Preference Shares	(13,631,424)	(13,631,424)
Net Cash flows from financing activities	(113,406,649)	(13,631,424)
D. Net Cash Flows from Total Activities	(2,129,880)	(1,485,539)
E. Opening Cash and Cash Equivalent	12,524,410	14,009,949
F. Closing Cash and Cash Equivalent	10,394,531	12,524,410
Cash and Cash Equivalent		
Cash at Bank	10,155,870	12,523,356
Cash in Hand	238,661	1,054
	10,394,531	12,524,410

The annexed notes form an integral part of these financial statements


Director


Director

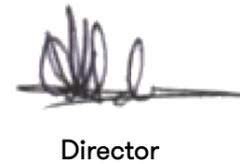
VIP Industries Bangladesh Private Limited
Statement of Changes in Equity
As at 31 March 2020

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2019	90,704,750	-	309,249,595	399,954,345
Net profit for the year	-	-	77,719,479	77,719,479
Other comprehensive income for the year, net of tax			(396,281)	(396,281)
Less: Dividend Paid this year	-	-	99,775,225	99,775,225
Balance as on March 31, 2020	90,704,750	-	286,797,568	377,502,318

Statement of Changes in Equity
As at 31 March 2019

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2018	90,704,750	-	209,839,146	300,543,896
Net profit for the year		-	99,410,449	99,410,449
Balance as on 31st March, 2019	90,704,750	-	309,249,595	399,954,345


Director


Director

VIP Industries Bangladesh Private Limited
Summary of significant accounting policies and other explanatory information
For the year ended 31 March 2020

1.00 Reporting entity

VIP Industries Bangladesh Private Limited is a Private Company limited by Shares incorporated on 05th day of April, 2012 under the Companies Act 1994 as adopted in Bangladesh.

The factory of the company is located in 74-83, Mongla Export Processing Zone, Mongla, Bagerhat-9351. The company commenced its commercial production on January 27, 2014.

1.01 Registered Office

The address of the Company's registered office is Plot No 74-83, Mongla Export Processing Zone, Mongla, Bagerhat - 9351.

1.02 Nature of business

The Company is in the business of manufacturer and exporter of luggage, back pack and luggage related goods.

2.00 Basis of Preparation

2.01 Statement of Compliance :

The financial statements have been prepared in compliance with the requirements of the Companies Act 1994 and other relevant local laws and regulations, and in accordance with the International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs) as adopted by the Institute of Chartered Accountants of Bangladesh (ICAB).

These financial statements are of VIP Industries Bangladesh Private Limited as at and for the period ended 31 March 2020. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Accounting Standard (IAS), the Companies Act 1994 and other applicable laws in Bangladesh.

The format and title of these financial statements follow the requirements of IFRSs which are to some extent different from the requirements of the Companies Act 1994. However such differences are not material and in the view of management it gives better presentation to the shareholders.

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by IAS 1: "Presentation of Financial Statements". A complete set of financial statements comprise:

- a. Statement of Financial Position
- b. Statement of Profit or Loss & Other Comprehensive Income
- c. Statement of Changes in Equity
- d. Statement of Cash Flows
- e. Notes comprising a summary of significant accounting policies and other explanatory information to the financial statements

2.02 Basis of Measurement :

The Company prepares its financial statements, except for cash flow information, using the accrual basis of accounting. When the accrual basis of accounting is used, an entity recognizes items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the Framework.

2.03 Functional and presentational currency :

Items included in these financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Bangladesh Taka ("BDT") which is also the functional currency of the company. The amounts in these financial statements have been rounded off to the nearest BDT except otherwise indicated. As a result of these rounding off, in some instances the totals may not match the sum of individual balances.

2.04 Going Concern :

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

2.05 Materiality and aggregation

The Company presents separately each material class of similar items and items of a dissimilar nature or function unless they are immaterial. Financial statements result from processing large numbers of transactions or other events that are aggregated into classes according to their nature or function.

2.06 Offsetting

The Company does not offset assets and liabilities or income and expenses, unless required or permitted by an IFRS.

2.07 Use of estimates and judgments

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected as required by IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

2.08 Reporting Period:

These financial statements have been prepared for the period from April 01,2019 to March 31, 2020.

2.09 Date of Authorization

The Board of Directors has Authorized these Financial Statements on May 23, 2020.

3.00 Significant Accounting Policies :

Accounting policies set out below have been applied consistently to all periods presented in these financial statements. Comparative information has been rearranged wherever considered necessary to conform to the current period's presentation.

3.01 Foreign currency translation

The financial statements are presented in BDT, which is company's functional currency. Transactions in foreign currencies are recorded in the books at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies at the date of statement of financial position are translated into BDT at the exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognized in profit or loss as per IAS 21 The Effects of Changes in Foreign Exchange Rates.

3.02 Property, Plant and Equipment :

i) Recognition and measurement

Items of fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the assets to its working condition for its intended use as per International Accounting Standard (IAS) 16 “Property, Plant and Equipments”.

ii). Subsequent Cost

Subsequent costs is capitalized only when it is probable that the future economic benefits associated with the costs will flow to the entity. Ongoing repairs and maintenance is expensed as incurred.

iii) Depreciation

During the current Financial year, the Company has provided depreciation under Straight Line method. Accordingly, Depreciation on all property plant & equipment except land is provided on Straight Line method so as to write off the assets over their expected useful life. Depreciation on Property, Plant & Equipment has been charged on acquisition of Property, Plant & Equipment when it is available for use. Asset category wise annual depreciation rates are as follows:

Items	Rates
Building	5.00%
Furniture	10.00%
Plant and Machinery	20.00%
Air Conditioning equipments	20.00%
Computer and Software	30.00%
Vehicle	20.00%

Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.03 Intangible assets

Recognition & measurement:

Intangible asset that is acquired by the company and have a finite useful life is measured at cost less accumulated amortization and accumulated impairment loss, if any. Intangible asset is recognized when all the conditions as per IAS 38 Intangible Assets are met. The cost of the intangible asset comprises its purchase price, import duties & non refundable taxes and any directly attributable costs for preparing the asset for its intended use.

Costs that are directly attributable to the development phase of the asset is recognized as intangible asset, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the company intends to and has sufficient resources to complete the project
- the company has the ability to use or sell the software

3.04 Employee Benefits

i) Provident Fund

The Company has introduced a Contributory Provident Fund for its eligible employees with effect from May 2014, obtaining necessary approval from the National Board of Revenue, Government of Bangladesh. Provident Fund is administered by a Board of Trustees. All confirmed employees are contributing 8.33% of their basic salary as subscription of the fund and the Company also contributed at the same rate to the fund. The contributions are invested in compliance with the PF Trust Deed. Members are eligible to withdraw fund as per the BEPZA provident Fund policy 2012.

3.05 Redeemable Cumulative Preference Share

As per Para-18 (a) of International Accounting Standard (IAS)32, “A preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability”.

3.06 Borrowing Cost

As per Para-36 of International Accounting Standard (IAS)32, “Dividend payments on shares wholly recognized as liabilities are recognized as expenses in the same way as interest on a bond”. The dividend on Redeemable Cumulative Preference Shares are recognized in income statement as interest expense.

3.07 Impairment :

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

3.08 Inventories

Inventories include raw material, work-in-progress and finished goods. Inventories are measured at the lower of cost and net realizable value. Raw Material, Component, Spares and Packing Material inventory cost is determined at Weighted average. Finished Goods includes purchase cost, cost of conversion and other costs in bringing the inventory to the present condition. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

3.09 Trade Receivable

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

3.10 Trade Payable

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

3.11 Accruals, provisions and contingencies

Accruals

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. Accruals are reported as part of trade and other payables.

Provisions

A provision is recognized 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 reporting date. Where the company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent liabilities and assets are not recognised in the statement of financial position of the company.

3.12 Revenue recognition

Under IFRS 15: Revenue from Contracts with Customers, revenue is recognized when a customer obtains control of the goods or services. The Company generates revenue primarily from the sale of luggage and backpack to the customers. The Company recognized revenue from contract with customers when the performance obligation is satisfied over the period as per the requirements of IFRS 15.

3.13 Events after balance sheet date

Amounts recognized in the financial statements are adjusted for events after the reporting period that provide evidence of conditions that existed at the end of the reporting period. Material adjusting and non-adjusting events are disclosed in the financial statements.

3.14 Taxation

The Manufacturing factory is based in Mongla Export Processing Zone (MEPZ) under BEPZA. As per the provisions of S.R.O. No. 219/2012 dated June 27, 2012, the income of the Factory is exempted from tax 100% for the first three years, 50% for next three years and 25% in the seventh year from the date of commencement of commercial production i.e. from 27 January, 2014. As per SRO and relevant provisions of Income Tax Ordinance 1984, 50% tax provision has been made on the profit after expiry of 100% exemption period of three years.

3.15 Cash Flow

The cash flow forming a part of Financial Statement has been prepared under Direct method as per IAS 7.

3.16 Adoption of new standards

IFRS 16 "Leases"

IFRS 16 Leases, defines a lease as "A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration". In order for such a contract to exist the user of the asset needs to have the right to:

- Obtain substantially all of the economic benefits from the use of asset (Identifiable asset)
- The right to direct the use of asset

As per the new standard, from lessee's perspective, almost all leases being recognized on the balance sheet, the distinction between operating and finance leases is removed. Upon lease commencement a lessee recognizes a right-of-use (ROU) asset and a lease liability. The ROU asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The impact of the new standard on lessees' financial statements are:

- An increase in recognized assets and liabilities
- More lease expenses recognized in early periods of lease, and less in the later periods of a lease
- A shift in lease expense classification from rental expenses to interest expense and depreciation.

VIP Industries Bangladesh Private Limited has adopted IFRS 16 from the 1st April 2019 as proposed by IASB. In Bangladesh Institute of Chartered Accountants of Bangladesh (ICAB) adopted IFRS 16 with same effective date. As there is no other alternative regulation or guidance regarding the same, So VIP Industries Bangladesh Private Limited has adopted IFRS 16 from the same date in preparing financial statements.

		Amount in Taka	
		31 March, 2020	31 March, 2019
4.00	Property, plant and equipment:		
	Building-Factory	100,098,125	107,286,500
	Plant and Machinery	9,104,508	9,446,913
	Vehicle	39,524.25	-
	Data Process. Machine	1,895,699	902,068
	Furniture & Fixtures	2,341,633	2,319,373
	Office Equipments	1,196,821	928,226
		114,676,311	120,883,080
	For details Please refer Annexure-A		
5.00	Right of Use Asset		
	Right of Use Asset	23,383,853	-
		23,383,853	-
	For details Please refer Annexure-A		
6.00	Intangible assets		
	Computer Software	480,807	721,942
		480,807	721,942
	For details Please refer Annexure-A		
7.00	Long term -advances and deposits		
	Non-current portion		
	Security Deposit	5,601,939	5,467,714
		5,601,939	5,467,714
8.00	Inventories		
	Raw Materials	179,490,237	157,253,008
	Work-in-progress	38,258,279	21,370,576
	Finished goods	33,810,182	28,902,499
		251,558,698	207,526,083
9.00	Trade receivables		
	VIP Industries Limited, India	312,266,255	375,798,660
	Others	12,821,339	-
		325,087,594	375,798,660
10.00	Short term - advances and prepayments		
10.01	Advances (considered good) to:		
	Suppliers	10,531,399	435,962
	Advance for Capital goods	10,000,000	-
	Advance Income tax	9,903,036	14,447,128
		30,434,435	14,883,090
10.02	Prepayments		
	Prepaid insurance and expenses	1,440,272	2,050,934
		31,874,707	16,934,024
11.00	Cash and bank balances		
	Cash in hand	238,661	1,054
	Balances with Bank		
	Islami Bank Bangladesh Ltd	-	12,632
	State Bank of India, Dhaka	2,121,257	1,690,184
	State Bank of India, Khulna	12,855	8,919
	Al-Alarafa Bank	412,745	63,806
	Eastern Bank USD	5,534,522	5,547,873
	Eastern Bank BDT	1,907,651	4,877,405
	Trust Bank	166,841	322,538
		10,155,870	12,523,356
		10,394,531	12,524,410

12.00 Share capital		
Authorized Capital		
12,500,000 Equity Shares of Taka 10/- each	125,000,000	125,000,000
22,500,000 8% Redeemable Cumulative Preference Shares of Taka 10/- each	225,000,000	225,000,000
	350,000,000	350,000,000
Issued, subscribed and paid up capital:		
9,070,475 Equity Shares of Taka 10/- each	90,704,750	90,704,750
	90,704,750	90,704,750
The aforesaid capital was subscribed as under:		
Subscribers:	No. of shares	No. of shares
Equity Share		
VIP Industries Limited, India	9,070,474	9,070,474
Ms. Radhika Piramal	1	1
	9,070,475	9,070,475

The Company was incorporated with an Authorized Capital of Taka 250,000,000 divided into 25,000,000 Ordinary Shares of Taka 10.00 each. Through a Special Resolution dated July 16, 2013 the said Shares were re-classified from existing 25,000,000 Ordinary Shares of Taka 10.00 each to (a) 12,500,000 Ordinary Shares of Taka 10.00 each and (b) 12,500,000 8% Redeemable Cumulative Preference Shares of Taka 10.00 each.

Through another Special Resolution dated February 3, 2014, the amount of Redeemable Cumulative Preference Shares were increased by addition of Taka 100,000,000.00 divided into 10,000,000 8% Redeemable Cumulative Preference Shares of Taka 10.00 each and accordingly the total amount of Authorized Capital raised to Tk: 350,000,000.00 divided into (a) 12,500,000 Ordinary Shares of Taka 10.00 each and (b) 22,500,000 8% Redeemable Cumulative Preference Shares of Taka 10.00 each.

	Amount in Taka	
	31 March, 2020	31 March, 2019
13.00 Retained earnings		
Opening Balance	309,249,595	209,839,146
Add: Net Profit/(loss) after tax transferred from statement of Profit & Loss	77,719,479	99,410,449
Add: Items of other comprehensive income recognised directly in retained earnings- Remeasurements of post-employment benefits obligation, net of tax	(396,281)	-
Less: Dividend Paid	99,775,225	-
Closing Balance	286,797,568	309,249,595
14.00 Redeemable cumulative preference shares		
17,039,279 8% Redeemable Cumulative Preference Shares of Taka 10 only	170,392,790	170,392,790
	170,392,790	170,392,790
The company has issued redeemable cumulative preference share amounting to Taka 1,70,392,790 which will be redeemed after 10 years from the date of allotment as per decision of Board of Directors that meet the criteria of financial liability. For that reason Redeemable Cumulative Preference Shares are considered as borrowing.		
15.00 Lease liability		
Long term lease portion	21,831,939	-
	21,831,939	-
16.00 Deffered tax liabilities		
Deffered tax liabilities (Net)	8,633,334	-
	8,633,334	-
17.00 Lease liability		
Short term lease portion	2,225,267	-
	2,225,267	-
18.00 Trade payables		
Sundry creditors for goods	108,980,754	117,731,334
	108,980,754	117,731,334
19.00 Other payable		
Sundry Creditors For Expenses	35,725,981	14,789,996
Dividend on Redeemable Cumulative Preference Shares	13,631,424	13,631,424
Provision For Tax	23,107,875	22,598,169
Statutory Liabilities	1,089,618	856,705
	73,554,898	51,876,294

	Amount in Taka	
	31 March, 2020	31 March, 2019
20.00 Cost of revenue		
Raw material consumed (Note 20.01)	479,650,174	486,680,266
Salary & wages	130,459,684	86,829,070
Manufacturing overheads (Note 20.02)	26,599,079	48,409,532
	<u>636,708,937</u>	<u>621,918,868</u>
Add: Opening Work-in-Progress	21,370,576	22,702,908
	<u>658,079,513</u>	<u>644,621,776</u>
Less: Closing Work-in-Progress	38,258,279	21,370,576
Cost of goods manufactured	<u>619,821,234</u>	<u>623,251,200</u>
Add: Opening Stock of Finished Goods	28,902,499	5,269,269
Cost of goods available for sale	<u>648,723,733</u>	<u>628,520,469</u>
Less: Closing Stock of Finished Goods	33,810,182	28,902,499
Cost of revenue	<u><u>614,913,550</u></u>	<u><u>599,617,970</u></u>

Salary & Wages [includes Provident Fund BDT 3,027,831 previous year BDT 1,634,600]

20.01 Raw material consumed		
Opening Inventory - Raw Materials & Packing Materials	157,253,008	116,699,621
Purchases During the Period	501,887,403	527,233,652
Closing Inventory - Raw Materials & Packing Materials	179,490,237	157,253,008
	<u>479,650,174</u>	<u>486,680,266</u>

20.02 Manufacturing overheads		
Rates & Taxes	-	-
Power & Water	5,598,008	5,520,351
Repairs To Plant & Machinery	-	59,760
Other Repair & Maintenance	314,712	470,956
Consumption of Stores and spare parts	6,647,920	15,198,057
Insurance	2,135,766	2,296,030
Leased Rent	10,673	2,299,807
Depreciation-Lease Assets	1,054,910	-
Depreciation	10,837,090	22,564,571
	<u>26,599,079</u>	<u>48,409,532</u>

21.00 Administrative expenses		
Travelling Expenses	6,437,971	5,218,714
Legal & Professional Charges	2,884,025	1,929,955
Administrative Cost	2,497,206	2,016,536
Administrative salaries	7,813,646	10,918,796
Other administrative Cost	8,144,232	6,952,295
	<u>27,777,079</u>	<u>27,036,296</u>

Administrative salaries [includes Provident Fund BDT 374360 previous year BDT 302349]

22.00 Selling and distribution expenses		
Selling Expenses	27,224,291	27,782,266
	<u>27,224,291</u>	<u>27,782,266</u>

23.00 Interest on finance lease		
Interest Finance Lease	1,925,930	-
	<u>1,925,930</u>	<u>-</u>

24.00 Finance cost

Dividend on convertible preference shares

13,631,424	13,631,424
<u>13,631,424</u>	<u>13,631,424</u>

25.00 Income tax expenses

Profit before tax

108,736,315 120,697,404

Taxable Income

112,238,645 121,639,743

Tax @ 17.50% & 26.25% calculated on proportionate
revenue basis

<u>22,280,783</u>	<u>21,286,955</u>
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26.0 Related parties

Name of the related	Relationship	Nature of transactions	Transaction Amount	Balance (Taka)	
				as at	as at
				31 March 2020	31 March 2019
VIP Industries Ltd	Holding company	Sale of goods	766,881,869	312,266,255	375,798,660
		Equity Share Capital	-	90,704,750	90,704,750
		Redeemable cumulative preference shares	-	170,392,790	170,392,790
		Dividend-Equity Shares	99,775,225	-	-
		Dividend-Redeemable cumulative preference shares	13,631,424	13,631,424	13,631,424
VIP Accessories BD Pvt Ltd	Associate Company	Purchase of Goods	(23,121,893)	(4,645,893)	-
VIP Accessories BD Pvt Ltd	Associate Company	Sale Of Assets	2,679,651	2,679,651	-

VIP Industries Bangladesh Private Limited is a Subsidiary of VIP Industries Ltd. Major products of VIP Industries Bangladesh Private Limited are exported to VIP Industries Ltd. Product pricing is market driven due to highly competitive luggage industry.

VIP Industries Bangladesh Private Limited is a Associate Company of VIP Accessories BD Pvt Ltd. VIP Industries Bangladesh Pvt Ltd Purchase input materials from VIP Accessories BD Pvt LTD, Product cost is market driven due to high competitive in the local market.

27.00 Contingent liability

There was no contingent liability at the end of the year.

28.00 Number of Employees

The number of employees engaged as on 31 March ,2020, who received a total remuneration of Tk. 3,000 per month or above was 723 Persons.

29.00 Exchange Gain/(Loss)

This represents gain/(loss) arising from translation of foreign currency into local currency as other income in statement of comprehensive income.

30.00 General

Figures are rounded off to nearest Taka.

Previous year figures have been rearranged, wherever necessary, to confirm to current period's presentation.



Director



Director

VIP Industries Bangladesh Private Limited
Property, Plant & Equipment Schedule
As at 31 March 2020

Amount in Taka

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2019	Additions	Deductions / Adjustments	As at 31st March, 2020	As at 1st April, 2019	For the year	Deductions/ Adjustments	As at 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Tangible Assets:										
Building-Factory	144,542,570	41,065	-	144,583,635	37,256,070	7,229,440	-	44,485,510	100,098,125	107,286,500
Plant and Machinery	89,406,848	3,746,643	2,737,410	90,416,081	79,959,935	2,304,304	952,667	81,311,572	9,104,508	9,446,913
Vehicle		46,365		46,365		6,841		6,841	39,524	
Data Process. Machine	2,219,292	1,501,335	-	3,720,627	1,317,224	507,704	-	1,824,928	1,895,699	902,068
Furniture & Fixtures	3,976,652	386,072	-	4,362,724	1,657,280	363,812	-	2,021,092	2,341,633	2,319,373
Office Equipments	1,437,380	452,451	-	1,889,831	509,154	183,856	-	693,010	1,196,821	928,226
Total Tangible Assets	241,582,742	6,173,932	2,737,410	245,019,264	120,699,662	10,595,957	952,667	130,342,952	114,676,311	120,883,080
Intangible Assets:										
Computer Softwares	6,594,629	-	-	6,594,629	5,872,687	241,135	-	6,113,822	480,807	721,942
Total Intangible Assets	6,594,629	-	-	6,594,629	5,872,687	241,135	-	6,113,822	480,807	721,942
Right of use Asset										
Right of use Asset		24,438,763		24,438,763		1,054,910		1,054,910	23,383,853	-
Total right of use asset	-	24,438,763	-	24,438,763	-	1,054,910	-	1,054,910	23,383,853	-

VIP Industries Bangladesh Private Limited
Property, Plant & Equipment Schedule
As at 31 March 2019

Amount in Taka

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2018	Additions	Deductions / Adjustments	As at 31st March, 2019	As at 1st April, 2018	For the year	Deductions/ Adjustments	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Tangible Assets:										
Land - Leasehold	-	-	-	-	-	-	-	-	-	-
Building-Factory	143,956,995	585,576	-	144,542,570	30,053,488	7,202,582	-	37,256,070	107,286,500	113,903,507
Plant and Machinery	83,085,138	6,321,710	-	89,406,848	65,467,225	14,492,710	-	79,959,935	9,446,913	17,617,913
Data Process. Machine	1,294,822	924,470	-	2,219,292	1,088,710	228,514	-	1,317,224	902,068	206,112
Furniture & Fixtures	2,837,777	1,138,875	-	3,976,652	1,245,795	411,484	-	1,657,279	2,319,373	1,591,982
Office Equipments	1,258,470	178,910	-	1,437,380	390,764	118,390	-	509,154	928,226	867,706
Total Tangible Assets	232,433,202	9,149,540	-	241,582,742	98,245,982	22,453,680	-	120,699,662	120,883,080	134,187,220
Intangible Assets:										
Computer Softwares	5,790,850	803,779	-	6,594,629	5,761,796	110,891	-	5,872,687	721,942	29,054
Total Intangible Assets	5,790,850	803,779	-	6,594,629	5,761,796	110,891	-	5,872,687	721,942	29,054