

Independent Auditor's Report on the Financial Statements of
VIP Accessories BD 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 Accessories BD Private Limited
Report on the Audit of the Financial Statements

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Opinion

We have audited the financial statements of VIP Accessories BD 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 Accessories BD Private Limited
Statement of Financial Position
As at 31 March 2020

	Note	Amount in Taka	
		31 March 2020	31 March 2019
ASSETS			
Non current assets			
Property, plant and equipment:	4	9,057,843	-
Capital work in progress		-	5,907,409
Right of use asset	5	2,790,944	-
Long term advances and deposits	6	2,261,621	2,237,313
Non Current assets		14,110,408	8,144,722
Current assets			
Inventories	7	9,324,133	-
Trade receivables	8	20,609,451	-
Short term advances and prepayments	9	9,543,518	339,517
Cash and bank balances	10	10,882,677	6,298,822
Current assets		50,359,779	6,638,339
Total assets		64,470,187	14,783,061
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	115,850	115,850
Retained earnings	12	12,198,091	(3,625,038)
Total shareholders' equity		12,313,941	(3,509,188)
Non Current Liabilities			
Convertible preference shares	13	16,750,000	16,750,000
		16,750,000	16,750,000
Current liabilities			
Lease liability	14	2,825,427	-
Trade payables	15	23,139,792	-
Other payable	16	9,441,027	1,542,249
Total current liabilities		35,406,246	1,542,249
Total liabilities		52,156,246	18,292,249
Total Equity and Liabilities		64,470,187	14,783,061

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 Accessories BD Private Limited
Statement of Profit Loss and Comprehensive Income
For the year ended 31 March 2020

	Note	Amount in Taka	
		31 March 2020	31 March 2019
Revenue		79,303,625	-
Cost of revenue	17	(59,444,880)	-
Gross Profit		19,858,745	-
Administrative expenses	18	1,085,474	2,972,537
Selling and distribution expenses	19	844,768	-
Interest on finance lease	20	400,041	-
Finance cost	21	1,343,671	653,479
		3,673,954	3,626,016
Profit/(Loss) from operations		16,184,792	(3,626,016)
Other Income		(120,663)	978
Net Profit/(Loss) Before Tax		16,064,129	(3,625,038)
Tax Expenses :			
Current Tax		-	-
Net Profit/(Loss)		16,064,129	(3,625,038)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
-Remeasurement benefit of defined benefit plans		(241,000)	-
-Income tax relating to above items			
Other comprehensive income for the year, net of tax		(241,000)	-
Total comprehensive income		15,823,129	(3,625,038)

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 Accessories BD Private Limited
Statement of Cash Flow
As at 31 March 2020

	Amount in Taka	
	31 March 2020	31 March 2019
A. Cash Flows from Operating Activities		
Cash received from customer	63,340,067	-
Cash paid to suppliers & Operating Expenses	(50,234,838)	(5,549,367)
Finance Cost	(1,343,671)	653,479
Other Income	(120,663)	978
Net Cash Flows from Operating Activities	11,640,895	(4,894,910)
B. Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(5,059,889)	(5,018,639)
Net Cash Flows from Investing Activities	(5,059,889)	(5,018,639)
C. Financing Activities		
Increase/(Decrease) in Equity share application money	-	115850
Increase/(Decrease) in Convertible Preference Shares application money	-	-
Increase/(Decrease) in (Convertible Preference Shares)	-	16,750,000
Payment of Convertible Preference Dividend	(1,997,150)	(653,479)
Net Cash Flows from Financing Activities	(1,997,150)	16,212,371
D. Net Cash Flows from Total Activities	4,583,855	6,298,822
E. Opening Cash and Cash Equivalents	6,298,822	-
F. Closing Cash and Cash Equivalents	10,882,677	6,298,822
Cash and Cash Equivalents :		
Cash at Bank	10,879,836	6,295,696
Cash in Hand	2,841	3,126
	10,882,677	6,298,822

The Annexed notes form an integral part of these financial statements



Director



Director

VIP Accessories BD Private Limited
Statement of Changes in Equity
For the year ended March 31, 2020

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2019	115,850	-	(3,625,038)	(3,509,188)
Net profit for the year		-	16,064,129	16,064,129
Other comprehensive income for the year			(241,000)	(241,000)
Balance as on March 31, 2020	115,850	-	12,198,091	12,313,941

Statement of Changes in Equity
For the year ended March 31, 2019

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2018	-	-	-	-
Allotment of 11,585 Equity Shares	115,850	-	-	115,850
Net profit for the year	-	-	(3,625,038)	(3,625,038)
Balance as on 31st March, 2019	115,850	-	(3,625,038)	(3,509,188)



Director



Director

VIP Accessories BD Private Limited
Notes of the Financial Statements
For the year ended 31 March 2020

1.00 Reporting entity

VIP Accessories BD Private Limited is a Private Company limited by Shares incorporated on 5 The day of August, 2018 under the Companies Act, 1994 as adopted in Bangladesh.

The factory of the company is located in MS SFB#03, Goround &1st Floor, East Wings , Mongla Export Processing Zone, Mongla, Bagerhat - 9351. The company commenced its commercial production on 16 th January, 2019.

1.01 Registered Office

The address of the Company's registered office is MS SFB#03, Goround &1st Floor, East Wings, Mongla export processing zone, Mongla, Bagerhat-9351, Bangladesh.

1.02 Nature of business

To carry on the business or businesses of manufacture accessories and packing material like cartons, cardboards, wire etc

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 Accessories BD 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%

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
- the software will generate probable future economic benefits.

3.04 Employee Benefits

i) Provident Fund

The Company has introduced a Contributory Provident Fund for its eligible employees with effect from November 2019, 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 Convertible Preference Share

As per Para-18 (a) of International Accounting Standard (IAS) 32, "A preference share that provides for redemption by the subscriber 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 16 Th July, 2019. As per SRO and relevant provisions of Income Tax Ordinance 1984, adequate tax provision has to be 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.

The Company has adopted IFRS 16 from 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 the company has adopted IFRS 16 from the same date in preparing financial statements.

		Amount in Taka	
		<u>31 March, 2020</u>	<u>31 March, 2019</u>
4.00	Property, plant and equipment:		
	Building-Factory	34,110	-
	Plant and Machinery	8,093,987	-
	Data Process. Machine	115,139	-
	Furniture & Fixtures	623,155	-
	Office Equipments	191,452	-
		<u>9,057,843</u>	<u>-</u>
	For details refer Annexure-A		
5.00	Right of Use Asset		
	Building-Factory	2,790,944	-
		<u>2,790,944</u>	<u>-</u>
	For details refer Annexure-A		
6.00	Long term advances and deposits		
	Deposits		
	Non-current portion		
	Security Deposit	2,261,621	2,237,313
		<u>2,261,621</u>	<u>2,237,313</u>
7.00	Inventories		
	Raw Materials	5,319,080	-
	Work-in-progress	152,068	-
	Finished goods	3,852,985	-
		<u>9,324,133</u>	<u>-</u>
8.00	Trade receivables		
	VIP Industries BD Manufacturing Pvt Ltd	588,802	-
	VIP Luggage BD Pvt Ltd	20,020,649	-
		<u>20,609,451</u>	<u>-</u>
9.00	Short term advances and prepayments		
9.01	Advances (considered good) to:		
	Suppliers	9,482,824	327,585
	Statutory Liabilities	-	11,932
		<u>9,482,824</u>	<u>339,517</u>
9.02	Prepayments		
	Prepaid insurance and expenses	60,694	-
		<u>9,543,518</u>	<u>339,517</u>
10.0	Cash and bank balances		
	Cash in hand	<u>2,841</u>	<u>3,126</u>
	Balances with Bank		
	Current Account		
	State Bank of India, USD	-	-
	State Bank of India, BDT	-	-
	Eastern Bank USD	1,575,173	6,025,490
	City Bank USD	9,111,252	-
	City Bank BDT	5,430	-
	Eastern Bank BDT	149,162	158,208
	Trust Bank	16,148	-
	Al-Alarafa Bank	22,671	111,998
		<u>10,879,836</u>	<u>6,295,696</u>
		<u>10,882,677</u>	<u>6,298,822</u>

11.0 Share capital**Authorized Capital:**

1,000,000 Equity Shares of Taka 10/- each	10,000,000	10,000,000
19,000,000 8% Convertible Preference Shares of Taka 10/- each	190,000,000	190,000,000
	<u>200,000,000</u>	<u>200,000,000</u>

Issued, subscribed and paid up capital:

11,585 Equity Shares of Taka 10/- each	115,850	115,850
	-	-
	<u>115,850</u>	<u>115,850</u>

The aforesaid capital was subscribed as under:**Subscribers:****Equity Share**

	<u>No. of shares</u>	<u>No. of shares</u>
VIP Industries Limited, India	11,584	11,584
Mr. Dilip G. Piramal	1	1
	<u>11,585</u>	<u>11,585</u>

The Company was incorporated with an Authorized Capital of BDT 200,000,000 divided into 1,000,000 Ordinary Shares of BDT10/- each. And 19,000,000 8% Convertible Preference Shares of BDT 10/- each.

According to IAS-32 the above Convertible Preference Shares which having redemption right has been shown under Borrowings.

12.0 Retained earnings

Opening Balance	(3,625,038)	
Add: Net Profit/(loss) after tax transferred from statement of Profit & Loss	16,064,129	(3,625,038)
Add: Items of other comprehensive income recognised directly in retained earnings- Remeasurements of post-employment benefits obligation	(241,000)	-
Closing Balance	<u>12,198,091</u>	<u>(3,625,038)</u>

13.0 Convertible preference shares

1,675,000 8% Convertible Preference Shares of Taka 10 only	16,750,000	16,750,000
	<u>16,750,000</u>	<u>16,750,000</u>

The company has issued Convertible Preference Share amounting to Taka 1,6750,000 which will be redeemed within 10 years from the date of allotment that meet the criteria of financial liability. For that reason Convertible Preference Shares are considered as borrowing.

14.0 Lease liability

Short Term Lease	2,825,427	-
	<u>2,825,427</u>	<u>-</u>

15.0 Trade Payables:

Sundry creditors for goods	23,139,791	-
	<u>23,139,791</u>	<u>-</u>

16.0 Other Payables

Sundry creditors for expenses	2,745,514	888,770
Advance from customer - VIP Industries Bangladesh Pvt Ltd	4,645,893	-
Dividend on convertible preference shares	1,997,150	653,479
Statutory liabilities	52,470	
	<u>9,441,027.36</u>	<u>1,542,249</u>

		Amount in Taka	
		31 March 2020	31 March 2019
17.00	Cost of revenue		
	Raw Material Consumed (Note 17.01)	51,270,657	-
	Salary & Wages	3,603,119	-
	Manufacturing Overheads (Note 17.02)	8,576,157	-
		<u>63,449,933</u>	<u>-</u>
	Add: Opening Work-in-Progress	-	-
		<u>63,449,933</u>	<u>-</u>
	Less: Closing Work-in-Progress	152,068	-
		<u>152,068</u>	<u>-</u>
	Cost of Goods Manufactured	<u>63,297,865</u>	<u>-</u>
	Add: Opening Stock of Finished Goods	-	-
	Cost of Goods Available For Sale	<u>63,297,865</u>	<u>-</u>
	Less: Closing Stock of Finished Goods	3,852,985	-
		<u>3,852,985</u>	<u>-</u>
	Cost of revenue	<u>59,444,880</u>	<u>-</u>
	Salary & Wages (includes Provident Fund BDT 24978)		
17.01	Raw Material Consumed		
	Opening Inventory - Raw Materials & Packing Materials	-	-
	Purchases During the Period	56,589,737	-
	Closing Inventory - Raw Materials & Packing Materials	5,319,080	-
		<u>51,270,657</u>	<u>-</u>
17.02	Manufacturing Overheads		
	Power & Water	1,244,478	-
	Other Repair & Maintenance	60,395	-
	Consumption of Stores and spare parts	1,128,914	-
	Insurance	318,768	-
	Leased Rent	18,440	-
	Depreciation-Lease Assets	4,784,476	-
	Depreciation	1,020,685	-
		<u>8,576,157</u>	<u>-</u>
18.00	Administrative Expenses		
	Travelling Expenses	12,750	-
	Legal & Professional Charges	194,353	222,180
	Administrative Cost	150	1,150
	Administrative salaries	166,312	-
	Other administrative Cost	711,909	2,749,207
		<u>1,085,474</u>	<u>2,972,537</u>
	Administrative Salary (includes Provident Fund BDT NIL)		
19.00	Selling and distribution expenses		
	Selling Expenses	844,768	-
		<u>844,768</u>	<u>-</u>
20.00	Interest on Finance Lease		
	Interest on Finance Lease	400,041	-
		<u>400,041</u>	<u>-</u>
21.00	Finance Cost		
	Dividend on convertible preference shares	1,343,671	653,479
		<u>1,343,671</u>	<u>653,479</u>

22.0 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	Parent Company	Equity share capital	-	115,850	115,850
		Convertible preference share	-	16,750,000	16,750,000
		Dividend on Convertible Preference Share	1,343,671	1,997,150	653,479
		Guarantee commission	57,134	57,134	-
VIP Industries Bangladesh Pvt LTD	Associate Company	Sale of goods	23,097,930	(4,645,893)	-
VIP Industries BD Manufacturing Pvt LTD	Associate Company	Sale of goods	36,162,768	588,802	-
VIP Luggage BD Pvt LTD	Associate Company	Sale of goods	20,042,928	20,020,649	-
VIP Industries Bangladesh Pvt LTD	Associate Company	Purchase Of Assets	2,679,651	2,679,651	-

VIP Accessories BD Private Limited is a Subsidiary of VIP Industries Ltd. Major products of VIP Accessories BD Private Limited are exported to VIP Industries Bangladesh Pvt Ltd, VIP Industries BD Manufacturing Pvt Ltd, VIP Luggage BD Pvt Ltd. Product pricing is market driven due to highly competitive. As VIP Accessories BD Private Limited is in the initial years of its operations and has yet to establish its niche, product pricing is being done keeping in mind pricing of available products with similar features/looks.

23.0 Contingent liability

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

24.0 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 66 Persons.

25.0 Exchange Gain/(Loss)

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

26.0 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

Annexure A

VIP Accessories BD Private Limited
Schedule of Property, plant and Equipment
As at March 31, 2020

Amount in Taka

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 01 April 2019	Additions	Deductions / Adjustments	As at 31 March 2020	As at 01 April 2019	For the year	Deductions/ Adjustments	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
Tangible Assets:										
Building-Factory	-	35,905	-	35,905	-	1,795	-	1,795	34,110	-
Plant and Machinery	-	9,035,996	-	9,035,996	-	942,009	-	942,009	8,093,987	-
Data Process. Machine	-	133,408	-	133,408	-	18,268	-	18,268	115,139	-
Furniture & Fixtures	-	670,107	-	670,107	-	46,952	-	46,952	623,155	-
Office Equipments	-	203,113	-	203,113	-	11,661	-	11,661	191,452	-
Total Tangible Assets	-	10,078,528	-	10,078,528	-	1,020,685	-	1,020,685	9,057,843	-
Right of use Asset										
Right of use Asset	-	7,575,420	-	7,575,420	-	4,784,476	-	4,784,476	2,790,944	-
Total right of use asset	-	7,575,420	-	7,575,420	-	4,784,476	-	4,784,476	2,790,944	-