

Independent Auditor's Report on the Financial Statements of  
VIP Industries Bangladesh Private Limited  
For the year ended 31 March 2021

Submitted By-  
Howladar Yunus & Co.  
Chartered Accountants

11 May 2021

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## Independent Auditor's Report

To the Shareholders VIP Industries Bangladesh Private Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of VIP Industries Bangladesh Private Limited (the "Company"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 March 2021, 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 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.

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

Management is responsible for the preparation of financial statements that give a true and fair view 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.

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 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.

#### Report on other Legal and Regulatory Requirements

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

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



Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521  
Howladar Yunus & Co., Chartered Accountants  
Firm Registration Number: [N/A]

Dated: Dhaka, 11 May 2021

DVC No.:

**VIP Industries Bangladesh Private Limited**  
**Statement of Financial Position**  
**As at 31 March 2021**

	Note	Amount in Taka	
		March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	105,399,262	114,676,311
Right-of-use asset	5	23,749,989	23,383,853
Capital work in progress		164,323	62,858
Intangible assets	6	239,674	480,807
Long term -advances and deposits	7	3,913,745	5,601,940
		<b>133,466,993</b>	<b>144,205,769</b>
<b>Current assets</b>			
Inventories	8	270,425,064	251,558,698
Trade receivables	9	124,308,600	325,087,594
Short term - advances and prepayments	10	21,454,895	31,874,707
Cash and bank balances	11	58,022,347	10,394,530
<b>Current assets</b>		<b>474,210,906</b>	<b>618,915,530</b>
<b>Total assets</b>		<b>607,677,898</b>	<b>763,121,299</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	12	90,704,750	90,704,750
Retained earnings	13	191,785,007	286,797,567
<b>Total shareholders' equity</b>		<b>282,489,757</b>	<b>377,502,317</b>
<b>Non current liabilities</b>			
Redeemable cumulative preference shares	14	170,392,790	170,392,790
Lease liability	15	21,418,706	21,831,939
Deffered tax liabilities	16	12,145,823	8,633,334
		<b>203,957,319</b>	<b>200,858,063</b>
<b>Current liabilities</b>			
Lease liability	17	2,225,267	2,225,267
Trade payables	18	50,784,315	108,980,754
Other payable	19	68,221,240	73,554,899
<b>Total current liabilities</b>		<b>121,230,822</b>	<b>184,760,920</b>
<b>Total liabilities</b>		<b>325,188,141</b>	<b>385,618,982</b>
<b>Total Equity and Liabilities</b>		<b>607,677,899</b>	<b>763,121,299</b>



Director

The annexed notes form an integral part of these financial statements



Signed in terms of our separate report of even date



**Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521**  
Howladar Yunus & Co., Chartered Accountants  
Firm Registration Number: [N/A]

Dhaka, 11 May 2021

DVC No.:

VIP Industries Bangladesh Private Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 March 2021

	Note	Amount in Taka	
		March 31, 2021	March 31, 2020
Revenue		353,588,100	790,296,025
Cost of revenue	20	-291,142,575	(614,913,550)
<b>Gross Profit/(Loss)</b>		<b>62,445,525</b>	<b>175,382,475</b>
Administrative expenses	21	20,422,342	27,777,079
Selling and distribution expenses	22	12,235,929	27,224,291
Interest on finance lease	23	1,894,258	1,925,930
Finance cost	24	13,631,424	13,631,424
		<b>48,183,953</b>	<b>70,558,724</b>
<b>Profit from operations</b>		<b>14,261,572</b>	<b>104,823,751</b>
Other income		(1,098,418)	3,912,565
<b>Profit before tax</b>		<b>13,163,154</b>	<b>108,736,315</b>
<b>Provision for taxation</b>			
Current tax expense	25	4,928,500	22,383,502
Deferred tax expense		3,512,489	<b>8,633,334</b>
<b>Profit for the year</b>		<b>4,722,165</b>	<b>77,719,480</b>
<b>Other comprehensive income</b>		-	-
Items that will not be reclassified to profit or loss			
-Remeasurement benefit of defined benefit plans		60,000	(499,000)
-Income tax relating to above items		(19,500.00)	102,719
<b>Other comprehensive income for the year, net of tax</b>		<b>40,500</b>	<b>(396,281)</b>
<b>Total comprehensive income for the year</b>		<b>4,762,665</b>	<b>77,323,199</b>

The annexed notes form an integral part of these financial statements



Director



Director

Signed in terms of our separate report of even date



Muhammad Farooq FCA, Managing Partner, Enrolment No.: 0521

Howladar Yunus & Co., Chartered Accountants

Firm Registration Number: [N/A]

Dhaka, 11 May 2021

DVC No.:

VIP Industries Bangladesh Private Limited  
Statement of Cash Flow  
As at 31 March 2021

	(Amount in Tk)	
	March 31, 2021	March 31, 2020
<b>A. Cash Flows from Operating Activities</b>		
Cash received from customer	554,404,221	841,007,090
Cash paid to suppliers & Operating Expenses	(375,641,177)	(715,658,267)
Finance Cost	(13,631,424)	(13,631,424)
Other Income	(1,098,418)	3,912,565
<b>Net Cash flows from operating activities</b>	<b>164,033,202</b>	<b>115,629,965</b>
<b>B. Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(2,998,737)	(4,353,195)
<b>Net Cash flows from investing activities</b>	<b>(2,998,737)</b>	<b>(4,353,195)</b>
<b>C. Financing Activities</b>		
Payment of Dividend on Equity Shares	(99,775,225)	(99,775,225)
Payment of Dividend on Redeemable Cumulative Preference Shares	(13,631,424)	(13,631,424)
<b>Net Cash flows from financing activities</b>	<b>(113,406,649)</b>	<b>(113,406,649)</b>
<b>D. Net Cash Flows from Total Activities</b>	<b>47,627,816</b>	<b>(2,129,879)</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>10,394,531</b>	<b>12,524,410</b>
<b>F. Closing Cash and Cash Equivalents</b>	<b>58,022,347</b>	<b>10,394,531</b>
<b>Cash and Cash Equivalents</b>		
Cash at Bank	57,868,405	10,155,870
Cash in Hand	153,942	238,661
	<b>58,022,347</b>	<b>10,394,531</b>

The annexed notes form an integral part of these financial statements



Director





VIP Industries Bangladesh Private Limited  
Statement of Changes in Equity  
As at 31 March 2021

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2020	90,704,750	-	286,797,568	377,502,318
Net profit for the year	-	-	4,722,165	4,722,165
Other comprehensive income for the year, net of tax	-	-	40,500	40,500
Less: Dividend Paid this year	-	-	99,775,225	99,775,225
<b>Balance as on March 31, 2021</b>	<b>90,704,750</b>	<b>-</b>	<b>191,785,008</b>	<b>282,489,758</b>

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	-	-	(396,281)	(396,281)
Less: Dividend Paid this year	-	-	99,775,225	99,775,225
<b>Balance as on March 31, 2020</b>	<b>90,704,750</b>	<b>-</b>	<b>286,797,568</b>	<b>377,502,318</b>



Director



Director

**VIP Industries Bangladesh Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
**For the year ended 31 March 2021**

**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 2021. 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 :**

When preparing financial statements, management made an assessment of the entity’s ability to continue as a going concern. The Company prepared its financial statements on a going concern basis. As per the requirement of Para 25 of IAS 1: Presentation of Financial Statements, the Management of the Company assessed if there were any conditions or events existed that might cause significant doubt on Company’s ability to continue as a going concern. Based on these assessments, Management concluded that there were no such significant conditions or events that Management knew existed at the time we made the assessment.

### **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, 2020 to March 31, 2021.

### **2.09 Date of Authorization**

The Board of Directors has Authorized these Financial Statements on 11 May 2021.

### **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**

##### **i. Foreign currency**

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates, ie. the functional currency. The financial statements of the company are presented in Taka which is the company’s functional and presentation currency.

##### **ii. Foreign currencies translation gains and losses**

Foreign currencies are translated into Taka at the rates ruling on the transaction dates. Monetary assets and liabilities are translated at the rates prevailing at the date of the statement of financial position. Differences arising on conversion are charged or credited to the statement of comprehensive income.

### 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:

i. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the entity and the cost of the assets can be measured reliably.

ii. Software represents the value of computer application software licensed for the use of the company. Intangible assets are carried at its cost, less accumulated amortization, and impairment loss (if any).

iii. Initial cost comprises license fees paid at the time of purchase and other directly attributable expenditures that are incurred in customizing the software for its intended use.

iv. Expenditure incurred on software is capitalized only when it enhances and extends the economic benefits of

### 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 valued in accordance with IAS 2: “Inventories” i.e. at cost or estimated net realizable value whichever is lower. The cost of inventories includes expenditure for acquiring the inventories and bringing them to their existing location and condition. Net realizable value is estimated upon selling price in the ordinary course of the business less estimated cost of completion of considering the selling. When the inventories are used, the carrying amount of those inventories are recognized in the year in which the related revenue is recognized.

**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**

#### **i. Sales revenue**

In accordance with the provisions of the IFRS 15: "Revenue from Contracts with Customers"; revenue from contracts with customers represents the amount that reflects the considerations to which the entity expects to be entitled in exchange for goods supplied and service provided to customers during the year. Revenue from contracts with customers is recognized in the statement of profit or loss and other comprehensive income when the performance obligation (supply of promised goods and services) is satisfied. The performance obligation is satisfied at a point in time when the customer obtains the control of goods and services. Revenue of freight from the Vessels is recognized at the invoice date.

#### **ii. Other Comprehensive Income**

Revenues, expenses, gains and losses appear in other comprehensive income when they have not yet been realized. It is particularly valuable for understanding ongoing changes in the fair value of a company's assets.

### **3.13 Events after balance sheet date**

All material events occurring after the reporting date are considered and where necessary, adjusted for, or disclosed. The final dividend is recognized when it is approved by the shareholders.

Dividend payable to the company's shareholders is recognized as a liability and deducted from the shareholders' equity in the period in which the shareholders' right to receive payment is established.

### **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, tax provision has been made on the profit after expiry of 100% exemption period of three years.

#### **Deferred tax**

Deferred tax liabilities are the amount of income taxes payable in future periods in respect of taxable temporary differences. Deferred tax assets are the amount of income taxes recoverable in future periods in respect of deductible temporary differences. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences arising between the carrying values of assets, liabilities, income, and expenditure and their respective tax bases. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date. The impact on the account of changes in the deferred tax assets and liabilities has also been recognized in the statement of comprehensive income as per IAS-12: "Income Taxes".

### 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.

### 3.17 COVID-19

Since the beginning of 2020, there has been a vast outbreak of the COVID-19 virus worldwide and this soon turned into a pandemic scenario. Countries around the world started to impose lockdown to curb the virus spread. During late March'20, the Government of Bangladesh also enforced a country-wise lockdown to contain the virus infection and the lockdown continued until 30 May 2020. Amid this pandemic situation, almost all economic and business activities came to standstill during the lockdown period. VIP Industries Bangladesh Pvt Ltd was not an exception to this scenario and we conducted very limited business operations complying with lockdown measures from April'20 to May'20. Since June'20, after the gradual lifting of lockdown, Company started to turn its business operations back to normal. Management continuously monitored the situation and took necessary measures to cultivate resilient processes to combat the situation. While preparing these financial statements, management assessed that COVID-19 did not cast any doubt on the company's ability to continue as a going concern.

		Amount in Taka	
		31 March, 2021	31 March, 2021
<b>4.00</b>	<b>Property, plant and equipment:</b>		
	Building-Factory	92,866,890	100,098,125
	Plant and Machinery	8,217,023	9,104,508
	Vehicle	31,619.40	-
	Data Process. Machine	1,137,657	1,895,699
	Furniture & Fixtures	1,996,433	2,341,633
	Office Equipments	1,149,639	1,196,821
		<b>105,399,262</b>	<b>114,636,787</b>
	For details Please refer Annexure-A		
<b>5.00</b>	<b>Right of Use Asset</b>		
	Right of Use Asset	23,749,989	23,383,853
		<b>23,749,989</b>	<b>23,383,853</b>
	For details Please refer Annexure-A		
<b>6.00</b>	<b>Intangible assets</b>		
	Computer Software	239,674	480,807
		<b>239,674</b>	<b>480,807</b>
	For details Please refer Annexure-A		
<b>7.00</b>	<b>Long term -advances and deposits</b>		
	<b>Non-current portion</b>		
	Security Deposit	3,913,745	5,601,939
		<b>3,913,745</b>	<b>5,601,939</b>
<b>8.00</b>	<b>Inventories</b>		
	Raw Materials	204,579,356	179,490,237
	Work-in-progress	43,225,717	38,258,279
	Finished goods	22,619,991	33,810,182
		<b>270,425,064</b>	<b>251,558,698</b>
<b>9.00</b>	<b>Trade receivables</b>		
	VIP Industries Limited, India	113,508,442	325,087,594
	Others	10,800,158	-
		<b>124,308,600</b>	<b>325,087,594</b>
<b>10.00</b>	<b>Short term - advances and prepayments</b>		
<b>10.01</b>	<b>Advances (considered good) to:</b>		
	Suppliers	18,467,387	10,531,399
	Advance for Capital goods	-	10,000,000
	Advance Income tax	1,474,041	9,903,036
		<b>19,941,427</b>	<b>30,434,435</b>
<b>10.02</b>	<b>Prepayments</b>		
	Prepaid insurance and expenses	1,513,468	1,440,272
		<b>21,454,895</b>	<b>31,874,707</b>
<b>11.00</b>	<b>Cash and bank balances</b>		
	<b>Cash in hand</b>	<b>153,942</b>	<b>238,661</b>
	<b>Balances with Bank</b>		
	State Bank of India, Dhaka	527,620	2,121,257
	State Bank of India, Khulna	9,165	12,855
	Al-Alarafa Bank	313,157	412,745
	Eastern Bank USD	53,780,030	5,534,522
	Eastern Bank BDT	834,549	1,907,651
	City Bank USD	2,315,909	-
	City Bank BDT	48,185	-
	Trust Bank	39,791	166,841
		<b>57,868,405</b>	<b>10,155,870</b>
		<b>58,022,347</b>	<b>10,394,531</b>



	Amount in Taka	
	31 March, 2021	31 March, 2021
<b>12.00 Share capital</b>		
<b>Authorized Capital</b>		
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
	<b>350,000,000</b>	<b>350,000,000</b>
<b>Issued, subscribed and paid up capital:</b>		
9,070,475 Equity Shares of Taka 10/- each	90,704,750	90,704,750
	<b>90,704,750</b>	<b>90,704,750</b>
<b>The aforesaid capital was subscribed as under:</b>		
<b>Subscribers:</b>	<b>No. of shares</b>	<b>No. of shares</b>
<b>Equity Share</b>		
VIP Industries Limited, India	9,070,474	9,070,474
Ms. Radhika Piramal	1	1
	<b>9,070,475</b>	<b>9,070,475</b>

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, 2021	31 March, 2020
<b>13.00 Retained earnings</b>		
Opening Balance	286,797,567	209,474,369
Add: Net Profit/(loss) after tax transferred from statement of Profit & Loss	4,722,165	77,719,480
Add: Items of other comprehensive income recognised directly in retained earnings-		
Remeasurements of post-employment benefits obligation, net of tax	40,500	(396,281)
Less: Dividend Paid	99,775,225	
Closing Balance	<b>191,785,007</b>	<b>286,797,567</b>
<b>14.00 Redeemable cumulative preference shares</b>		
17,039,279 8% Redeemable Cumulative Preference Shares of Taka 10 only	170,392,790	170,392,790
	<b>170,392,790</b>	<b>170,392,790</b>
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.		
<b>15.00 Lease liability</b>		
Long term lease portion	21,418,706	21,831,939.08
	<b>21,418,706</b>	<b>21,831,939</b>
<b>16.00 Deferred tax liabilities</b>		
Deferred tax liabilities (Net)	12,145,823	8,633,334
	<b>12,145,823</b>	<b>8,633,334</b>
<b>17.00 Lease liability</b>		
Short term lease portion	2,225,267	2,225,267
	<b>2,225,267</b>	<b>2,225,267</b>
<b>18.00 Trade payables</b>		
Sundry creditors for goods	50,784,315	108,980,754
	<b>50,784,315</b>	<b>108,980,754</b>
<b>19.00 Other payable</b>		
Sundry Creditors For Expenses	46,120,026	35,725,982
Dividend on Redeemable Cumulative Preference Shares	13,631,424	13,631,424
Provision For Tax	7,637,092	23,107,875
Statutory Liabilities	832,698	1,089,618
	<b>68,221,240</b>	<b>73,554,899</b>

	Amount in Taka	
	31 March, 2021	31 March, 2021
<b>20.00 Cost of revenue</b>		
Raw material consumed (Note 20.01)	178,289,681	479,650,174
Salary & wages	88,084,677	130,459,684
Manufacturing overheads (Note 20.02)	18,545,465	26,599,079
	<u>284,919,822</u>	<u>636,708,937</u>
Add: Opening Work-in-Progress	38,258,279	21,370,576
	<u>323,178,102</u>	<u>658,079,513</u>
Less: Closing Work-in-Progress	43,225,717	38,258,279
<b>Cost of goods manufactured</b>	<u>279,952,384</u>	<u>619,821,234</u>
Add: Opening Stock of Finished Goods	33,810,182	28,902,499
Cost of goods available for sale	<u>313,762,566</u>	<u>648,723,733</u>
Less: Closing Stock of Finished Goods	22,619,991	33,810,182
<b>Cost of revenue</b>	<u><u>291,142,575</u></u>	<u><u>614,913,550</u></u>

Salary & Wages (includes Provident Fund BDT 2335564 previous year BDT 3,027,831)

<b>20.01 Raw material consumed</b>		
Opening Inventory - Raw Materials & Packing Materials	179,490,237	157,253,008
Purchases During the Period	203,378,800	501,887,403
Closing Inventory - Raw Materials & Packing Materials	204,579,356	179,490,237
	<u><u>178,289,681</u></u>	<u><u>479,650,174</u></u>
<b>20.02 Manufacturing overheads</b>		
Rates & Taxes	-	-
Power & Water	2,908,825	5,598,008
Repairs To Plant & Machinery	-	-
Other Repair & Maintenance	213,063	314,712
Consumption of Stores and spare parts	1,977,826	6,647,920
Insurance	1,417,246	2,135,766
Leased Rent	16,314	10,673
Depreciation-Lease Assets	1,054,909	1,054,910
Depreciation	10,957,283	10,837,090
	<u><u>18,545,465</u></u>	<u><u>26,599,079</u></u>
<b>21.00 Administrative expenses</b>		
Travelling Expenses	4,006,693	6,437,971
Legal & Professional Charges	2,582,919	2,884,025
Administrative Cost	1,560,506	2,497,206
Administrative salaries	7,363,922	7,813,646
Other administrative Cost	4,908,302	8,144,232
	<u><u>20,422,342</u></u>	<u><u>27,777,079</u></u>

Administrative salaries (includes Provident Fund BDT 318,521 ,previous year BDT 374,360)

<b>22.00 Selling and distribution expenses</b>		
Selling Expenses	12,235,929	27,224,291
	<u>12,235,929</u>	<u>27,224,291</u>
<b>23.00 Interest on finance lease</b>		
Interest Finance Lease	1,894,258	1,925,930
	<u>1,894,258</u>	<u>1,925,930</u>
<b>24.00 Finance cost</b>		
Dividend on convertible preference shares	13,631,424	13,631,424
	<u>13,631,424</u>	<u>13,631,424</u>
<b>25.00 Income tax expenses</b>		
Profit before tax	13,163,154	108,736,315
Taxable Income	14,614,919	112,238,645
	<u>14,614,919</u>	<u>112,238,645</u>
Tax @ 32.5% calculated on proportionate revenue basis	<u>4,749,849</u>	<u>19,641,763</u>

## 26.0 Related parties

Name of the related	Relationship	Nature of transactions	Transaction Amount	Balance (Taka)	
				as at	as at
				31 March 2021	31 March 2020
VIP Industries Ltd	Holding company	Sale of goods	346683343.3	113,508,442	325,087,594
		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	17,239,245	2,425,008	(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 ,2021, who received a total remuneration of Tk. 3,000 per month or above was 854 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 2021

Amount in Taka

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2020	Additions	Deductions / Adjustments	As at 31st March, 2021	As at 1st April, 2020	For the year	Deductions/ Adjustments	As at 31st March, 2021	As at 31st March, 2021	As at 31st March, 2020
<b>Tangible Assets:</b>										
Building-Factory	144,583,635	-	-	144,583,635	44,485,510	7,231,235	-	51,716,745	92,866,890	100,098,125
Plant and Machinery	90,416,081	1,259,543	-	91,675,624	81,311,572	2,147,028	-	83,458,601	8,217,023	9,104,508
Vehicle	46,365	-	-	46,365	6,841	7,905	-	14,746	31,619	39,524
Data Process. Machine	3,720,627	-	-	3,720,627	1,824,928	758,042	-	2,582,970	1,137,657	1,895,699
Furniture & Fixtures	4,362,724	37,756	-	4,400,480	2,021,092	382,956	-	2,404,048	1,996,433	2,341,633
Office Equipments	1,889,831	141,801	-	2,031,631	693,010	188,982	-	881,992	1,149,639	1,196,821
<b>Total Tangible Assets</b>	<b>245,019,264</b>	<b>1,439,099</b>	<b>-</b>	<b>246,458,363</b>	<b>130,342,952</b>	<b>10,716,149</b>	<b>-</b>	<b>141,059,101</b>	<b>105,399,262</b>	<b>114,676,311</b>
<b>Intangible Assets:</b>										
Computer Softwares	6,594,629	-	-	6,594,629	6,113,822	241,134	-	6,354,956	239,674	480,807
<b>Total Intangible Assets</b>	<b>6,594,629</b>	<b>-</b>	<b>-</b>	<b>6,594,629</b>	<b>6,113,822</b>	<b>241,134</b>	<b>-</b>	<b>6,354,956</b>	<b>239,674</b>	<b>480,807</b>
<b>Right of use Asset.</b>										
Right of use Asset	24,438,763	1,421,045	-	25,859,808	1,054,910	1,054,909	-	2,109,819	23,749,989	23,383,853
<b>Total right of use asset</b>	<b>-</b>	<b>1,421,045</b>	<b>-</b>	<b>25,859,808</b>	<b>1,054,910</b>	<b>1,054,909</b>	<b>-</b>	<b>2,109,819</b>	<b>23,749,989</b>	<b>23,383,853</b>

Shareholders' equity  
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
<b>Tangible Assets:</b>										
Land - Leasehold	-	-	-	-	-	-	-	-	-	-
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	-	14,746	39,524	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
<b>Total Tangible Assets</b>	<b>241,582,742</b>	<b>6,173,932</b>	<b>2,737,410</b>	<b>245,019,264</b>	<b>120,699,662</b>	<b>10,595,957</b>	<b>952,667</b>	<b>130,342,952</b>	<b>114,676,311</b>	<b>120,883,080</b>
<b>Intangible Assets:</b>										
Computer Softwares	6,594,629	-	-	6,594,629	5,872,687	241,135	-	6,113,822	480,807	721,942
<b>Total Intangible Assets</b>	<b>6,594,629</b>	<b>-</b>	<b>-</b>	<b>6,594,629</b>	<b>5,872,687</b>	<b>241,135</b>	<b>-</b>	<b>6,113,822</b>	<b>480,807</b>	<b>721,942</b>
<b>Right of use Asset.</b>										
Right of use Asset	-	24,438,763	-	24,438,763	-	1,054,910	-	1,054,910	23,383,853	-
<b>Total right of use asset</b>	<b>-</b>	<b>24,438,763</b>	<b>-</b>	<b>24,438,763</b>	<b>-</b>	<b>1,054,910</b>	<b>-</b>	<b>1,054,910</b>	<b>23,383,853</b>	<b>-</b>