

Independent Auditor's Report on the Financial Statements of
VIP Accessories BD Private Limited
For the year ended 31 March 2019

Submitted By-
Howladar Yunus & Co.
Chartered Accountants

20 April 2019

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Independent Auditor's Report

To the Shareholders of 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 2019, 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 2019, 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.

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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.



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- 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
20 April 2019

VIP Accessories BD Private Limited
Statement of Financial Position
As at 31 March 2019

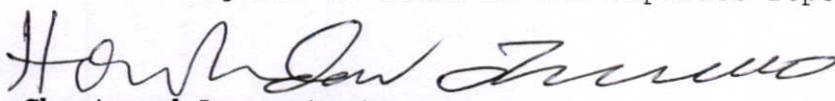
	<u>Note</u>	<u>Amount in Taka</u> <u>31 March , 2019</u>
ASSETS		
Non current assets		
Property, plant and equipment:		-
Capital Work in Progress		59,07,409
Intangible assets		-
Advances and deposits	4	22,37,313
		81,44,722
Current assets		
Inventories		-
Trade receivables		-
Short term - advances and Prepayments	5	3,39,517
Cash and Bank Balances	6	62,98,822
Current assets		66,38,339
Total assets		1,47,83,061
 <u>EQUITY AND LIABILITIES</u>		
Shareholders' equity		
Share Capital	7	1,15,850
Reserves & Surplus (Retained Earnings)	8	(36,25,038)
Total Shareholders' Equity		(35,09,188)
Share Application Money		-
Non Current Liabilities		
Preference Shares	9	1,67,50,000
		1,67,50,000
Current Liabilities		
Other Payable	10	15,42,249
Total Liabilities		15,42,249
Total Equity and Liabilities		1,47,83,061

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
20 April 2019

VIP Accessories BD Private Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2019

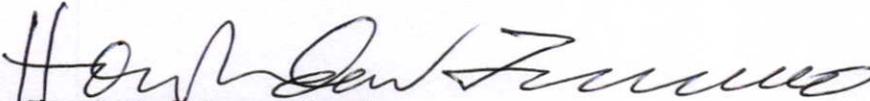
	Note	31 March 2019
Revenue		-
Cost of revenue		-
Gross Profit/(Loss)		-
Administrative, Selling and Distribution Expenses	11	29,72,537
Finance Cost	12	6,53,479
		36,26,016
Profit/(Loss) from operations		(36,26,016)
Other Income		978
Net Profit/(Loss) Before Tax		(36,25,038)
Tax Expenses :		
Current Tax		-
Net Net Profit/(Loss) for the year		(36,25,038)
Other Comprehensive Income		-
Net Profit/(Loss) and Total Comprehensive Income		(36,25,038)

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
20 April 2019

VIP Accessories BD Private Limited
Statement of Cash Flow
For the tear ended 31 March 2019

	Amount in Taka
	31 March 2019
A. Cash Flows from Operating Activities	
Cash received from customer	-
Cash paid to suppliers & Operating Expenses	(55,49,366)
Finance Cost	6,53,479
Other Income	978
Net Cash flows from operating activities	(48,94,909)
 B. Cash Flows from Investing Activities	
Acquisition of Property, Plant and Equipment	(50,18,639)
Net Cash flows from investing activities	(50,18,639)
 C. Financing Activities	
Increase/(Decrease) in share application money	1,15,850
Increase/(Decrease) in (Convertible Preference Shares)	1,67,50,000
Payment of Convertible Pref Dividend	(6,53,479)
Net Cash flows from financing activities	1,62,12,371
 D. Net Cash Flows from Total Activities	62,98,822
E. Opening Cash and Cash Equivalentents	-
F. Closing Cash and Cash Equivalentents	62,98,822
 Cash and Cash Equivalentents :	
Cash at Bank	62,98,822
Cash in Hand	-
	62,98,822

The annexed notes form an integral part of these financial statements.


Director


Director

VIP ACCESSORIES BD PRIVATE LIMITED
Statement of Changes in Share Capital
For the year ended March 31, 2019

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as at March 31, 2018	-	-	-	-
Net profit for the year	-	-	(36,25,038)	(36,25,038)
Allotment of 11,585 Equity Shares	1,15,850	-	-	1,15,850
Share Application Money	-	-	-	-
Balance as on March 31, 2019	1,15,850	-	(36,25,038)	(35,09,188)



Director



Director

VIP Accessories BD Private Limited
Notes to the Financial Statements
As at and for the year ended 31 March 2019

1.00 Reporting entity

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

1.01 Registered Office

The address of the Company's registered office is D1/3 , Mongla export processing zone, Mongla, Bagerhat-9351, Bangladesh

The factory of the company is located in MS# SFB 03, Ground and First Floor (Wing A) , Mongla Export Processing Zone, Mongla, Bagerhat - 9351. The company commenced its commercial production on 16 th January, 2019.

2.00 Basis of Preparation

2.01 Statement of Compliance :

The Financial Statements of VIP Accessories BD Pvt Limited have been prepared in accordance with the International Financial Reporting Standards (IFRS).

2.02 Basis of Measurement :

The Financial Statements have been prepared on going concern basis under historical cost convention, using the accrual basis of accounting.

2.03 Functional and presentational currency :

These Financial Statements are prepared in Bangladesh Taka (Taka/TK), which is the Company's functional currency. All financial information presented in taka has been rounded off to the nearest integer.

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 Reporting Period:

These financial statements have been prepared for the period from August 5, 2018 to March 31, 2019.

2.06 Date of Authorization

The Board of Directors has Authorized these Financial Statements on 20 April 2019.

3.00 Significant Accounting Policies :

The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

3.01 Foreign currency translation

Foreign currencies are translated into Taka on a rate prevailing on the transaction dates. All monetary assets and liabilities are translated into taka at the exchange

rate prevailing on the Balance Sheet date. Exchange gains or losses arising out of translation of assets and liabilities at the closing date are recognized in the income statement as other income.

3.02 Convertible Preference Share

As per Para-18 (a) of International Accounting Standard (IAS) 32, "A preference share that provides for mandatory 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".

3.03 Borrowing Cost

As per Para-36 of International Accounting Standard (IAS), "Dividend payments on shares wholly recognized as liabilities are recognized as expenses in the same way as interest on a bond". The dividend on convertible preference shares are recognized in income statement as interest expense.

3.04 Trade Payable :

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

3.05 Provisions :

Provisions are made where an obligation exists for future liability in respect of past event and where the amount of the obligation can be reliably estimated.

3.06 Events after balance sheet date

No material events have occurred between the Balance Sheet date to the date of issue of these financial statements, that could affect the values stated in the financial statements.

3.07 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 which is not started yet. As per SRO and relevant provisions of Income Tax Ordinance 1984, Tax provision has to be made on the profit after expiry of 100% exemption period of three years.

3.08 Cash Flow

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

4.00 Advances and Deposits		
Deposits		
Non-current portion		
Deposit BEPZA		22,37,313
		<u>22,37,313</u>
5.00 Advances and Prepayments		
Advances (considered good) to:		
Suppliers		3,27,585
Statutory Liabilities		11,932
		<u>3,39,517</u>
6.00 Cash and Bank Balances		
Cash in hand		<u>3,126</u>
Balances with Bank		
Current Account		
Eastern Bank BDT		1,58,208
Eastern Bank USD		60,25,490
Al-Alarafa Bank		1,11,999
		<u>62,95,696</u>
		<u>62,98,822</u>
7.00 Share Capital		
Authorized Capital:		
1000000 Equity Shares of Taka 10/- each		1,00,00,000
19000000 8% Convertible Preference Shares of Taka 10/- each		19,00,00,000
		<u>20,00,00,000</u>
Issued, subscribed and paid up capital:		
11585 Equity Shares of Taka 10/- each		1,15,850
		-
		<u>1,15,850</u>
The aforesaid capital was subscribed as under:		
Subscribers:	<u>No. of shares</u>	
Equity Share		
VIP Industries Limited, India		11,584
Mr. Dilip G. Piramal		1
		<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 so has been shown under Borrowings.		
8.00 Reserves and Surplus (Retained earnings)		
Opening Balance		-
Add: Net Profit/(loss) after tax transferred from statement of Profit & Loss		(36,25,038)
		<u>(36,25,038)</u>

9.00 Convertible Preference Shares

1675000 8% Convertible Preference Shares of Taka 10 only	1,67,50,000
Share Application Money	-
	<u>1,67,50,000</u>

The company has issued Convertible Preference Share amounting to Taka 16,750,000 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.

10.00 Other Payables

Sundry Creditors For Expenses	8,88,770
Dividend on Convertible Preference shares	6,53,479
	<u>15,42,249</u>

11.00 Administrative Expenses

Legal & Professional Charges	222180
Administrative Cost	1150
Other administrative Cost	2749207
	<u>29,72,537</u>

12.00 Finance Cost

Dividend on Convertible Preference Shares	<u>6,53,479</u>
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13.00 Related parties

Name of the related	Related Party	Nature of transactions	Balance (Taka)	
			Transaction Amount	as at 31 March 2019
VIP Industries Ltd	Holding company	Sale of goods	-	-
		Equity Share Capital	1,15,850	1,15,850
		Convertible Preference Share	1,67,50,000	1,67,50,000
		Dividend On Convertible Preference Share	6,53,479	6,53,479

VIP Accessories BD Private Limited is a Subsidiary of VIP Industries Ltd.

14.00 Contingent liability

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

15.00 Number of Employees

The number of employees engaged as on 31 March ,2019, who received a total remuneration of Tk. 3,000 per month or above was nil.

16.00 Exchange Gain/ (Loss)

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

17.00 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