

Independent Auditor's Report and Audited Financial Statements of  
VIP Industries Bangladesh Private Limited  
As at and for the year ended 31 March 2024

Submitted By-  
Howladar Yunus & Co.  
Chartered Accountants

06 May 2024

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

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**Opinion**

We have audited the financial statements of VIP Industries Bangladesh Private Limited [the “Company”], which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994, and other applicable laws and regulations.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing [ISAs]. Our responsibilities under those standards are further described in the Auditor’s Responsibilities 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] together with the ethical requirements 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.

**Other Matters**

There was a major fire at the company's plant located at Mongla EPZ, Bangladesh, on January 31, 2023. The property, plant and equipment and Inventories of the company were destroyed in this incident.

The company's operations have been majorly affected due to this incident. The company primarily supplies to its parent company to cater to the Indian markets and considering the current growth environment, the management plans to rebuild and restart the operations by the end of this fiscal year i.e., 2024-2025. The management is confident of restoring the operations as per the plans charted out.

The company has initiated its Insurance claim process and considering the company's insurance policy, it expects the loss to be adequately covered. Our opinion is not modified in respect to this matter.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994, and other applicable laws and regulations, 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 explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due 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 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]

DVC No.: 2405060521AS116524

Dated: Dhaka

06 May 2024

**VIP Industries Bangladesh Private Limited**  
**Statement of Financial Position**  
**As at 31 March 2024**

	Note	Amount in Taka	
		March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	4	2,066,424	-
Right-of-use asset	5	20,405,576	21,516,500
Intangible assets	6	-	-
Long term -advances and deposits	7	6,275,994	6,070,405
Deferred tax assets	8	79,582,839	66,482,730
		<b>108,330,833</b>	<b>94,069,635</b>
<b>Current assets</b>			
Advance Income Tax	9	47,842,942	46,537,190
Inventories	10	-	-
Trade receivables	11	-	131,251,637
Short term - advances and prepayments	12	8,746,727	32,095,810
Cash and bank balances	13	45,977,468	46,963,243
<b>Current assets</b>		<b>102,567,137</b>	<b>256,847,880</b>
<b>Total assets</b>		<b>210,897,970</b>	<b>350,917,515</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	14	90,704,750	90,704,750
Retained earnings	15	(163,508,450)	(130,089,777)
<b>Total shareholders' equity</b>		<b>(72,803,700)</b>	<b>(39,385,027)</b>
<b>Non current liabilities</b>			
Redeemable cumulative preference shares	16	170,392,790	170,392,790
Lease liability	17	19,961,601	20,486,503
Deferred tax liabilities	18	-	-
		<b>190,354,391</b>	<b>190,879,293</b>
<b>Current liabilities</b>			
Lease liability	19	2,225,267	2,225,267
Trade payables	20	24,194,922	117,204,747
Current tax liabilities	21	21,672,723	21,672,723
Other payable	22	45,254,367	58,320,512
<b>Total current liabilities</b>		<b>93,347,279</b>	<b>199,423,249</b>
<b>Total liabilities</b>		<b>283,701,670</b>	<b>390,302,542</b>
<b>Total Equity and Liabilities</b>		<b>210,897,970</b>	<b>350,917,515</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]  
 DVC No.: 2403250521AS123639

Dated: Dhaka  
 06 May 2024

VIP Industries Bangladesh Private Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the year ended 31 March 2024

	Note	Amount in Taka	
		March 31, 2024	March 31, 2023
Revenue		-	1,270,853,426
Cost of revenue	23	-	(910,997,619)
<b>Gross Profit/(Loss)</b>		<b>-</b>	<b>359,855,807</b>
Administrative expenses	24	32,505,754	37,802,846
Selling and distribution expenses	25	4,280	39,782,628
Interest on finance lease	26	1,782,590	1,822,819
Finance cost	27	13,631,424	13,631,424
		<b>47,924,048</b>	<b>93,039,717</b>
<b>Profit from operations</b>		<b>(47,924,048)</b>	<b>266,816,090</b>
<b>Extra Ordinary Item</b>	28		
Loss of Fixed Assets		-	137,547,329
Loss of Inventory		-	440,879,544
Total Loss Due to Fire Incident		-	<b>578,426,873</b>
<b>Profit/(Loss) after Extraordinary Item</b>		<b>(47,924,048)</b>	<b>(311,610,783)</b>
Other Income	29	287,266	32,676,599
<b>Profit before tax</b>		<b>(47,636,782)</b>	<b>(278,934,184)</b>
<b>Provision for taxation</b>			
Current tax expense		-	9,346,487
Tax relating to prior years		-	1,018,200
Deferred tax expense		(13,407,559)	<b>(76,030,890)</b>
<b>Profit for the year</b>		<b>(34,229,223)</b>	<b>(213,267,981)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
-Remeasurement benefit of defined benefit plans		1,118,000	8,604,000
-Income tax relating to above items		(307,450)	(2,366,100)
<b>Other comprehensive income for the year, net of tax</b>		<b>810,550</b>	<b>6,237,900</b>
<b>Total comprehensive income for the year</b>		<b>(33,418,673)</b>	<b>(207,030,081)</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]

DVC No.: 2403250521AS123639

Dated: Dhaka

06 May 2024

VIP Industries Bangladesh Private Limited  
Statement of Changes in Equity  
As at 31 March 2024

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2023	90,704,750	-	(130,089,777)	(39,385,027)
Net profit/(Loss) for the year	-	-	(34,229,223)	(34,229,223)
Other comprehensive income for the year, net of tax	-	-	810,550	810,550
Less: Dividend Paid this year	-	-	-	-
<b>Balance as on March 31, 2024</b>	<b>90,704,750</b>	<b>-</b>	<b>(163,508,450)</b>	<b>(72,803,700)</b>

Statement of Changes in Equity  
As at 31 March 2023

Particulars	Share Capital	Share Application Money	Retained Earnings	Total Taka
Balance as on April 1, 2022	90,704,750	-	167,645,054	258,349,804
Net profit for the year	-	-	(213,267,981)	(213,267,981)
Other comprehensive income for the year, net of tax	-	-	6,237,900	6,237,900
Less: Dividend Paid this year	-	-	90,704,750	90,704,750
<b>Balance as on March 31, 2023</b>	<b>90,704,750</b>	<b>-</b>	<b>(130,089,777)</b>	<b>(39,385,027)</b>



Director



Director



VIP Industries Bangladesh Private Limited  
Statement of Cash Flow  
As at 31 March 2024

	Amount in Taka	
	March 31, 2024	March 31, 2023
<b>A. Cash Flows from Operating Activities</b>		
Cash received from customer	131,222,643	1,306,248,646
Cash paid to suppliers & Operating Expenses	(102,899,210)	(1,156,609,444)
Finance Cost	(13,631,424)	(13,631,424)
Other Income	287,266	32,676,599
<b>Net Cash flows from operating activities</b>	<b>14,979,275</b>	<b>168,684,378</b>
<b>B. Cash Flows from Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(2,333,625)	(38,013,734)
<b>Net Cash flows from investing activities</b>	<b>(2,333,625)</b>	<b>(38,013,734)</b>
<b>C. Financing Activities</b>		
Payment of Dividend on Equity Shares	-	(90,704,750)
Payment of Dividend on Redeemable Cumulative Preference Shares	(13,631,424)	(13,631,424)
<b>Net Cash flows from financing activities</b>	<b>(13,631,424)</b>	<b>(104,336,174)</b>
<b>D. Net Cash Flows from Total Activities</b>	<b>(985,774)</b>	<b>26,334,470</b>
<b>E. Opening Cash and Cash Equivalents</b>	<b>46,963,242</b>	<b>20,628,772</b>
<b>F. Closing Cash and Cash Equivalents</b>	<b>45,977,468</b>	<b>46,963,242</b>
<b>Cash and Cash Equivalents</b>		
Cash at Bank	45,937,374	46,941,614
Cash in Hand	40,094	21,628
	<b>45,977,468</b>	<b>46,963,242</b>

The annexed notes form an integral part of these financial statements

  
Director

  
Director

**VIP Industries Bangladesh Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
**For the year ended 31 March 2024**

**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 2024. 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 exceptional item disclosed in the Statement of profit & loss of BDT 57.84 Crores relates to loss of property, plant and equipment and Inventories that were destroyed due to a major fire at the company's plant located at Mongla EPZ, Bangladesh, on January 31, 2023.

The company's operations have been majorly affected due to this incident. The company primarily supplies to its parent company to cater to the Indian markets and considering the current growth environment, the management expects to rebuild and restart the operations by the end of this fiscal year i.e. 2023-2024. The management is confident of restoring the operations as per the plans charted out and does not envisage any threat to the financial position of the company.

It is to be noted that the total fixed assets and inventories destroyed in fire were under insurance coverage and the company has already initiated its insurance claim process and considering the company's insurance policy, it expects the loss will be adequately covered from the insurance claim.

### **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, 2023 to March 31, 2024.

### **2.09 Date of Authorization**

The Board of Directors has Authorized these Financial Statements on 06 May 2024

### **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, i.e.. 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 computer software beyond their original specifications and lives and such cost is recognized as capital improvement and added to the original cost of the software.

### **3.04 Employee Benefits**

#### **i) Provident Fund**

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

### **3.05 Redeemable Cumulative Preference Share**

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

### **3.06 Borrowing Cost**

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

### **3.07 Impairment :**

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

### **3.08 Inventories**

Inventories include raw material, work-in-progress and finished goods.

Inventories are 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

### 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:

- '- More lease expenses recognized in early periods of lease, and less in the later periods of a lease

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 Tax Liability Shown in Separately

The tax liability was shown last financial year as a net figure after adjustment with advance tax and the provision for income tax. In this Financial year, the management decided to show the gross tax in this financial statement which is the actual position for the income tax as it is disclosed accordingly. Based on these arrangements, provisions for income tax and advance tax have been rearranged.

		Amount in Taka	
		March 31, 2024	March 31, 2023
<b>4.00</b>	<b>Property, plant and equipment:</b>		
	Building-Factory	-	-
	Plant and Machinery	-	-
	Vehicle	-	-
	Data Process. Machine	97,357	-
	Furniture & Fixtures	113,912	-
	Office Equipments	1,855,154	-
		<b>2,066,424</b>	<b>-</b>
	For details Please refer Annexure-A		
<b>5.00</b>	<b>Right of Use Asset</b>		
	Right of Use Asset	20,405,576	21,516,500
		<b>20,405,576</b>	<b>21,516,500</b>
	For details Please refer Annexure-A		
<b>6.00</b>	<b>Intangible assets</b>		
	Computer Software	-	-
		<b>-</b>	<b>-</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	6,275,994	6,070,405
		<b>6,275,994</b>	<b>6,070,405</b>
<b>8.00</b>	<b>Deferred Tax Assets</b>		
	Deferred tax assets	79,582,839	66,482,730
		<b>79,582,839</b>	<b>66,482,730</b>
<b>9.00</b>	<b>Advance Income Tax</b>		
	Advance Income Tax	47,842,942	46,537,190
		<b>47,842,942</b>	<b>46,537,190</b>
<b>10.00</b>	<b>Inventories</b>		
	Raw Materials	-	-
	Work-in-progress	-	-
	Finished goods	-	-
		<b>-</b>	<b>-</b>
<b>11.00</b>	<b>Trade receivables</b>		
	VIP Industries Limited, India	-	126,463,924
	Others	-	4,787,714
		<b>-</b>	<b>131,251,637</b>
<b>12.00</b>	<b>Short term - advances and prepayments</b>		
<b>12.01</b>	<b>Advances (considered good) to:</b>		
	Suppliers	3,107,108	15,232,076
	Advance for Capital goods	5,168,479	14,699,605
		<b>8,275,587</b>	<b>29,931,681</b>



		Amount in Taka	
		March 31, 2024	March 31, 2023
<b>12.02</b>	<b>Prepayments</b>		
	Prepaid insurance and expenses	471,140	2,164,130
		<b>471,140</b>	<b>2,164,130</b>
<b>13.00</b>	<b>Cash and bank balances</b>		
	<b>Cash in hand</b>	<b>40,094</b>	<b>21,628</b>
	<b>Balances with Bank</b>		
	State Bank of India, Dhaka	1,510,718	8,783,376
	State Bank of India, Khulna	-	-
	Al-Alarafa Bank Bangladesh	11,241	976,108
	Eastern Bank PLC USD	1,357,389	1,051,085
	Eastern Bank PLC BDT	-	71,508
	City Bank PLC USD	41,597,052	30,200,961
	City Bank PLC BDT	1,100,365	5,406,848
	Trust Bank PLC	360,609	451,729
		<b>45,937,374</b>	<b>46,941,614</b>
		<b>45,977,468</b>	<b>46,963,242</b>
<b>14.00</b>	<b>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	
	March 31, 2024	March 31, 2023
<b>15.00 Retained earnings</b>		
Opening Balance	(130,089,777)	167,645,054
Add: Net Profit/(loss) after tax transferred from statement of Profit & Loss	(34,229,223)	(213,267,981)
Add: Items of other comprehensive income recognised directly in retained earnings-	810,550	
Remeasurements of post-employment benefits obligation, net of tax		6,237,900
Less: Dividend Paid	-	90,704,750
Closing Balance	<u>(163,508,450)</u>	<u>(130,089,777)</u>
<b>16.00 Redeemable cumulative preference shares</b>		
17,039,279 8% Redeemable Cumulative Preference Shares of Taka 10 only	170,392,790	170,392,790
	<u>170,392,790</u>	<u>170,392,790</u>
<p>The company has issued redeemable cumulative preference share amounting to Taka 170,392,790 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.</p>		
<b>17.00 Lease liability</b>		
Long term lease portion	19,961,601	20,486,503
	<u>19,961,601</u>	<u>20,486,503</u>
<b>18.00 Deferred tax liabilities</b>		
Deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>
<b>19.00 Lease liability</b>		
Short term lease portion	2,225,267	2,225,267
	<u>2,225,267</u>	<u>2,225,267</u>
<b>20.00 Trade payables</b>		
Trade Payable for goods	24,194,922	117,204,747
	<u>24,194,922</u>	<u>117,204,747</u>
<b>21.00 Current Tax Liabilities</b>		
Provision For Tax	21,672,723	21,672,723
	<u>21,672,723</u>	<u>21,672,723</u>
<b>22.00 Other payable</b>		
Provision For Expenses	15,727,772	23,921,685
Service Benefit & Leave Benefit Payable	1,834,379	20,534,301
Dividend on Redeemable Cumulative Preference Shares	27,262,848	13,631,424
Statutory Liabilities	429,369	233,102
	<u>45,254,368</u>	<u>58,320,512</u>

	Notes	Amounts in BDT	
		March 31, 2024	March 31, 2023
<b>23.00 Cost of revenue</b>			
Raw material consumed	23.01	-	1,135,935,672
Salary & wages		-	158,951,307
Manufacturing overheads	23.02	-	28,209,170
		-	1,323,096,149
Add: Opening Work-in-Progress		-	26,679,523
		-	1,349,775,672
Less: Closing Work-in-Progress		-	-
Cost of goods manufactured		-	1,349,775,672
Add: Opening Stock of Finished Goods		-	2,101,492
Cost of goods available for sale		-	1,351,877,163
Less: Closing Stock of Finished Goods		-	-
Cost of revenue		-	<b>1,351,877,163</b>
Less : Loss of Inventory (Fire)		-	440,879,544
<b>Net Cost of Revenue</b>		-	<b>910,997,619</b>
Salary & Wages (includes Provident Fund BDT March-23 38,66,888.00)			
<b>23.01 Raw material consumed</b>			
Opening Inventory - Raw Materials & Packing Materials		-	-
Purchases During the Period		-	1,135,935,672
Closing Inventory - Raw Materials & Packing Materials		-	-
		-	<b>1,135,935,672</b>
<b>23.02 Manufacturing overheads</b>			
Rates & Taxes		1,846,532	-
Power & Water		0	6,286,431
Repairs To Plant & Machinery		-	-
Other Repair & Maintenance		15,403	733,690
Consumption of Stores and spare parts		39,613	4,906,610
Insurance		1,748,896	1,577,622
Leased Rent		3,115,843	2,750,587
Depreciation-Lease Assets		1,054,908	1,054,908
Depreciation		267,201	10,899,322
		<b>8,088,396</b>	<b>28,209,170</b>
<b>24.00 Administrative expenses</b>			
Travelling Expenses		138,381	15,813,249
Legal & Professional Charges		2,428,491	3,575,012
Administrative Cost -(Annexure-B)		1,229,255	1,090,429
Administrative salaries		17,924,381	7,613,486
Other administrative Cost - (Annexure-C)		2,696,850	9,710,669
		<b>24,417,358</b>	<b>37,802,846</b>
Administrative salaries (includes Provident Fund BDT March-24, 452,007.00 & Previous Year BDT 376,245, MAR-23)			
<b>25.00 Selling and distribution expenses</b>			
Selling Expenses	Annexure-D	4,280	39,782,628
		<b>4,280</b>	<b>39,782,628</b>
<b>26.00 Interest on finance lease</b>			
Interest Finance Lease		1,782,590	1,822,819
		<b>1,782,590</b>	<b>1,822,819</b>
<b>27.00 Finance cost</b>			
Dividend on convertible preference shares		13,631,424	13,631,424
		<b>13,631,424</b>	<b>13,631,424</b>

	Notes	Amounts in BDT	
		March 31, 2024	March 31, 2023
<b>28.00 Extra Ordinary Item</b>			
Fire Loss Break Down (Inventory & Asset)			
Raw Material		-	382,542,524
Spare Parts		-	16,130,498
Finished Goods		-	15,413,185
Work in Process		-	26,793,337
Total for Inventory		-	<b>440,879,544</b>
Loss of Fixed Assets		-	137,547,329
<b>Total Loss on Fire Incident</b>		-	<b>578,426,873</b>
<b>29.00 Other Income</b>			
Scrap Sales		-	-
Interest Received of Security Deposit		28,994	48,070
Net loss or gain foreign currency transactions and translation		258,272	32,032,964
Insurance claim received		-	595,565
		<b>287,266</b>	<b>32,676,599</b>

VIP Industries Bangladesh Private Limited  
Property, Plant & Equipment Schedule  
As at 31 March 2024

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2023	Additions	Deductions / Adjustments	As at 31 March 2024	As at 1st April, 2023	For the year	Deductions/ Adjustments	As at 31 March 2024	As at 31 March 2024	As at 31st March, 2023
<b>Tangible Assets:</b>										
Building-Factory	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	-	-	-	-	-	-	-	-	-	-
Vehicle	-	-	-	-	-	-	-	-	-	-
Data Process. Machine	-	117,367	-	117,367	-	20,010	-	20,010	97,357	-
Furniture & Fixtures	-	120,776	-	120,776	-	6,864	-	6,864	113,912	-
Office Equipments	-	2,095,481	-	2,095,481	-	240,327	-	240,327	1,855,154	-
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-
<b>Total Tangible Assets</b>	-	<b>2,333,625</b>	-	<b>2,333,625</b>	-	<b>267,201</b>	-	<b>267,201</b>	<b>2,066,424</b>	-
<b>Intangible Assets:</b>										
Computer Softwares	-	-	-	-	-	-	-	-	-	-
<b>Total Intangible Assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Right of use Asset.</b>										
Right of use Asset	25,859,808	-	-	25,859,808	4,343,308	<b>1,110,924</b>	-	5,454,232	20,405,576	22,649,830
<b>Total right of use asset</b>	<b>25,859,808</b>	-	-	<b>25,859,808</b>	<b>4,343,308</b>	<b>1,110,924</b>	-	<b>5,454,232</b>	<b>20,405,576</b>	<b>22,649,830</b>

VIP Industries Bangladesh Private Limited  
Property, Plant & Equipment Schedule  
As at 31 March 2023

Particulars	COST				DEPRECIATION/ AMORTISATION				NET BOOK VALUE	
	As at 1st April, 2022	Additions	Deductions / Adjustments	As at 31 March 2023	As at 1st April, 2022	For the year	Deductions/ Adjustments	As at 31 March 2023	As at 31 March 2023	As at 31st March, 2022
<b>Tangible Assets:</b>										
Building-Factory	149,891,088	-	149,891,088	-	59,040,315	6,248,674	65,288,989	-	-	90,850,773
Plant and Machinery	97,577,149	-	97,577,149	-	86,597,538	2,777,013	89,374,552	-	-	10,979,611
Vehicle	46,365	-	46,365	-	21,069	4,216	25,285	-	-	25,296
Data Process. Machine	4,561,965	1,199,860	5,761,825	-	3,359,548	687,267	4,046,815	-	-	1,202,418
Furniture & Fixtures	9,099,260	1,560,959	10,660,219	-	2,941,383	862,997	3,804,380	-	-	6,157,877
Office Equipments	2,307,141	1,005,396	3,312,537	-	1,107,157	239,024	1,346,181	-	-	1,199,983
Capital Work in Progress	-	33,710,018	33,710,018	-	-	-	-	-	-	-
<b>Total Tangible Assets</b>	<b>263,482,967</b>	<b>37,476,234</b>	<b>300,959,201</b>	-	<b>163,067,011</b>	<b>10,819,191</b>	<b>163,886,203</b>	-	-	<b>110,415,956</b>
<b>Intangible Assets:</b>										
Computer Softwares	6,594,629	537,500	7,132,129	-	6,577,668	80,131	6,657,799	-	-	16,962
<b>Total Intangible Assets</b>	<b>6,594,629</b>	<b>537,500</b>	<b>7,132,129</b>	-	<b>6,577,668</b>	<b>80,131</b>	<b>6,657,799</b>	-	-	<b>16,962</b>
<b>Right of use Asset.</b>										
Right of use Asset	25,859,808	-	-	25,859,808	3,209,978	<b>1,133,330</b>	-	4,343,308	21,516,500	22,649,830
<b>Total right of use asset</b>	<b>25,859,808</b>	-	-	<b>25,859,808</b>	<b>3,209,978</b>	<b>1,133,330</b>	-	<b>4,343,308</b>	<b>21,516,500</b>	<b>22,649,830</b>

	Amount in Taka	
	31 March 2024	31 March 2023
<b>Administrative Cost ( Annexure-B )</b>		
Officer Residence	1,229,255	-
Printing & Stationery General	-	133,110
Motor Car Fuel	-	957,319
<b>Total</b>	<b>1,229,255</b>	<b>1,090,429</b>
<b>Other administrative Cost (Annexure-C)</b>		
Courier Expenses	-	1,368,586
Internet Expenses	35,200	218,533
Telep Exp - Office	64,316	218,401
Lic, Regis, Stmp & Fee	122,458	91,362
Security Expenses	973,786	1,001,119
Hse Keep/Garden Exp	180,149	1,241,575
Memb & Subscrip	30,285	30,600
Recruitment Exp	-	491,666
SubCon/Job Work Crgs	-	1,185,891
Sampl/Dsgns & Patt	-	156,485
Sundry Expenses	105,033	1,978,711
Freight - Others	903,792	-
Detention CSD Supply	(50,000)	-
Bank Charge	331,830	1,727,740
<b>Total</b>	<b>2,696,850</b>	<b>9,710,669</b>
<b>Selling Expenses (Annexure-D)</b>		
Freight on Exports	-	16,831,816
Detention Export	-	-
Export Expenses	(20,287)	8,218,075
C & F Charges	48,235	1,668,200
Commission on IB sales	-	-
Clrg chgs on Exports	(23,669)	4,000,279
Ins Marine-Export	-	8,874,408
Ins Marine	-	189,850
<b>Total</b>	<b>4,280</b>	<b>39,782,628</b>