



PRIVATE & CONFIDENTIAL

**AUDIT REPORT
AND
FINANCIAL STATEMENTS
OF**

BAJAJ BANGLADESH LIMITED

AS AT 31 MARCH 2020
AND
FOR THE YEAR ENDED 31 MARCH 2020

RAHMAN ANIS & CO.

CHARTERED ACCOUNTANTS

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RAHMAN ANIS & CO.

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BAJAJ BANGLADESH LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bajaj Bangladesh Limited, which comprise the statements of financial position as at 31 March 2020, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2020, 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, in all material respects, the financial position of the Company as at 31 March 2020, and (of) its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), 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 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 and 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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (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.

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Those charged with governance are also 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 judgment 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.

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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 that:

- a) we have obtained all the information and explanation 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 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 company's statement of financial position dealt with by the report are in agreement with the books of account.

Dated, 06 April 2020
Dhaka.




Rahman Anis & Co.
Chartered Accountants

Bajaj Bangladesh Limited
Statement of financial position
As at 31 March 2020

	Notes	As at	
		31-Mar-20 BDT	31-Mar-19 BDT
ASSETS			
Non-current assets			
Property, plant and equipment	4.00	-	250,000
		-	250,000
Current assets			
Accounts receivable	5.00	-	4,425,596
Advances, deposits and prepayments	6.00	196,028	12,621,995
Cash and cash equivalents	7.00	1,977,544	1,667,161
		2,173,572	18,714,752
Total assets		2,173,572	18,964,752
EQUITY AND LIABILITIES			
Equity			
Share capital	8.00	48,695,130	39,847,890
Share money deposits	SCE	115,044	8,962,284
Retained earnings	SCE	(46,673,802)	(29,940,054)
		2,136,372	18,870,120
Current liabilities			
Liabilities for expenses	9.00	30,000	57,500
Provision for income tax	10.00	7,200	37,132
		37,200	94,632
Total equity and liabilities		2,173,572	18,964,752

The accompanying notes 1 to 16 form an integral part of the financial statements


Director


Director

As per our annexed report of same date

Dated, 06 April 2020
Dhaka.




Rahman Anis & Co.
Chartered Accountants

Bajaj Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2020

	Notes	For the year ended	
		31-Mar-20	31-Mar-19
		BDT	BDT
Revenue	11.00	-	3,068,510
Less: Cost of sales	12.00	-	1,826,509
Gross profit		-	1,242,001
Less: Administrative expenses	13.00	16,726,548	4,046,830
Less: Selling and distribution expenses	14.00	-	2,400,000
Profit/(loss) before income tax		(16,726,548)	(5,204,829)
Less: Income tax expenses	15.00	7,200	2,332
Profit/(loss) after income tax		(16,733,748)	(5,207,161)
Add: Other comprehensive income		-	-
Total comprehensive income		(16,733,748)	(5,207,161)

The accompanying notes 1 to 16 form an integral part of the financial statements

Director

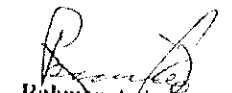


Director

As per our annexed report of same date

Dated, 06 April 2020
Dhaka.




Rahman Anis & Co.
Chartered Accountants

	For the year ended	
	31-Mar-20	31-Mar-19
	BDT	BDT
10.00 Provision for income tax		
Opening balance		119,295
Add: Income tax expense during the year	37,132	37,132
Less: Income tax paid during the year	7,200	(37,924)
Less: Adjustment for assessment year 2016-2017	(37,132)	(46,571)
Less: Over provision in last years	-	(34,800)
	<u>7,200</u>	<u>37,132</u>
11.00 Revenue		
Sales during the year	-	3,068,510
Less: Sales return	-	-
	<u>-</u>	<u>3,068,510</u>
12.00 Cost of sales		
Opening inventories	-	-
Add: Purchased during the year	-	1,836,981
Add: Redressing material	-	(10,472)
Less: Closing inventories	-	-
	<u>-</u>	<u>1,826,509</u>
13.00 Administrative expenses		
Audit fees	30,000	57,500
Personnel expenses	767,700	3,496,776
Bad debt expense (Note-5)	4,425,596	-
Bank charge	27,285	38,000
Written off of fixed assets and advances (Note-13.01)	11,475,967	-
Office rent	-	46,115
Printing and stationery	-	7,939
Legal and professional fees	-	52,309
Preliminary expenses written off	-	33,275
Pre-operative expenses written off	-	127,100
Communication expenses	-	3,800
Conference expenses	-	13,760
Other expenses	-	170,256
	<u>16,726,548</u>	<u>4,046,830</u>

Bajaj Bangladesh Limited
Statement of changes in equity
For the year ended 31 March 2020

Amount in BDT

Particulars	Share capital	Share money deposit	Retained earnings	Total
Balance as at 01 April 2019	39,847,890	8,962,284	(29,940,054)	18,870,120
Increased during the year	8,847,240	-	-	8,847,240
Decreased during the year	-	(8,847,240)	-	(8,847,240)
Net loss during the year	-	-	(16,733,748)	(16,733,748)
Balance as at 31 March 2020	48,695,130	115,044	(46,673,802)	2,136,372
Balance as at 01 April 2018	23,971,460	15,991,468	(24,779,464)	15,183,464
Increased during the year	15,876,430	8,847,246	-	24,723,676
Decreased during the year	-	(15,876,430)	-	(15,876,430)
Adjustment for income tax (A/Y 2016-2017)	-	-	46,571	46,571
Net loss during the year	-	-	(5,207,161)	(5,207,161)
Balance as at 31 March 2019	39,847,890	8,962,284	(29,940,054)	18,870,120

The accompanying notes 1 to 16 form an integral part of the financial statements


Director


 Director

As per our annexed report of same date

Dated, 06 April 2020
 Dhaka.




 Rahman Anis & Co.
 Chartered Accountants

Bajaj Bangladesh Limited
Statement of cash flows
For the year ended 31 March 2020

	For the year ended	
	31-Mar-20	31-Mar-19
	BDT	BDT
A. Cash flows from operating activities		
Cash receipts from customers	1,200,000	6,188,598
Cash paid to suppliers and employees	(889,617)	(15,302,817)
Net cash used in operating activities	310,383	(9,114,219)
B. Cash flows from financing activities		
Proceeds from issuance of share capital	-	8,847,246
Net cash generated from financing activities	-	8,847,246
Net increase in cash and cash equivalents (A+B)	310,383	(266,973)
Cash and cash equivalents at beginning of the year	1,667,161	1,934,134
Cash and cash equivalents at end of the year	1,977,544	1,667,161

The accompanying notes 1 to 16 from an integral part of these financial statements.

Director


 Director

Signed in terms of our report of even date annexed.

Dated, 06 April 2020
 Dhaka.




 Rahman Anis & Co.
 Chartered Accountants

Bajaj Bangladesh Limited
Notes to the Financial Statements
As at and for the year ended 31 March 2020

1.00 Significant accounting policies and other material information

1.01 Corporate history

Bajaj Bangladesh Limited is a private limited company incorporated in Bangladesh on 09 December 2012 with the Registrar of Joint Stock Companies and Firms, Bangladesh under the Companies Act, 1994 vide incorporation no. # C-106043/12. The registered office of the company is located at 52 Motijheel Commercial Area, Dhaka-1000. The company also obtained certificate of commencement of business from the Registrar of Joint Stock Companies and Firms, vide no. C-108043/12 dated 09 December 2012.

1.02 Nature of the business

The prime objective of the company is to carry on the business of importing and trading of all kinds of hair care oil and other FMCG.

2.00 Basis of preparation of the financial statements

2.01 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The title and format of financial statements follow the requirements of IFRSs which are to some extent different from the requirement of Companies Act, 1994; however, such differences are not material and in the view of managements IFRSs format as mentioned in IAS-1 gives a better presentation to the shareholders.

2.02 Components of the financial statements

Following are the components of the financial statements:

- i) Statement of financial position as at 31 March 2020;
- ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2020;
- iii) Statement of changes in equity for the year ended 31 March 2020;
- iv) Statement of cash flows for the year ended 31 March 2020; and
- v) Notes to the financial statements as at and for the year ended 31 March 2020.

2.03 Basis of measurement

These financial statements have been prepared on going concern basis under the historical cost convention.

2.04 Going concern

The financial statements have been prepared on going concern basis.

2.05 Functional and presentation currency

The financial statements are presented in Bangladeshi Taka (BDT) which is the company's functional currency. All financial information presented in BDT has been rounded off to the nearest Taka.

2.06 Foreign currency transaction

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate between the functional currency and foreign currency at the date of the transaction. Exchange differences are shown in statement of comprehensive income.

2.07 Use of estimates and judgments

The preparation of financial statements requires managements to make judgment, estimates and assumptions that affect the application of accounting polices and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected.

2.08 Comparative information

Comparative information has been presented. To facilitate comparison, certain relevant balances pertaining to the previous year have been rearranged/reclassified whenever considered necessary to conform to current year's presentation.

2.09 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March each year. These financial statements cover the period from 01 April 2019 to 31 March 2020.

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 Revenue recognition

Revenue is recognized when a performance obligation is satisfied by transferring a promised good to a customer to the amount that is allocated to that performance obligation.

3.02 Provisions

In accordance with the guidelines as prescribed by IAS-37 provisions were recognized when all the following criteria are met:

- i) When the company has a present obligation as a result of past even;
- ii) When it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- iii) Reliable estimates can be made of the amount of the obligation.

3.03 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS-7 " Statement of cash flows" and it has been prepared under direct method.

3.04 Statement of changes in equity

The statement of changes in equity reflects information about the increase or decrease in net assets or wealth.

3.05 Advances, deposits and prepayments

Advances are initially measured at cost. After initial recognition, advances are carried at cost less deductions, adjustments or changes to other accounts heads.

Deposits are measured at payment value.

Prepayments are initially measured at cost. After initial recognition, prepayments are carried at cost less charges to statements of profit or loss and other comprehensive income.

3.06 Cash and cash equivalents

It indicates cash in hand and bank deposits, which were held and available for use by the company without any restriction.

7.00 Cash and cash equivalents

Cash in hand	-	-
Cash at Bank (State Bank of India, A/C No.	1,977,544	1,667,161

1,977,544	1,667,161
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8.00 Share capital**Authorized share capital**

(5,000,000 ordinary shares @ Tk.10 each)

50,000,000	50,000,000
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Issued, subscribed & paid up share capital

(4,869,513 ordinary shares @ Tk.10 each)

48,695,130	39,847,890
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Shareholding position of the company is as under:

Bajaj Consumer Care Limited (4,869,507 ordinary shares of Tk. 10 each)	48,695,070	39,847,830
Mr. Sumit Malhotra (01 ordinary share of Tk. 10 each)	10	10
Mr. Dilip Kumar Maloo (01 ordinary share of Tk. 10 each)	10	10
Mr. Sethu Iyer (01 ordinary share of Tk. 10 each)	10	-
Mr. Pankaj Banerjee (01 ordinary share of Tk. 10 each)	-	10
Mr. Kinshuk Samaddar (01 ordinary share of Tk. 10 each)	10	10
Mr. Akash Gupta (01 ordinary share of Tk. 10 each)	10	10
Mr. Ronak Modi (01 ordinary share of Tk. 10 each)	10	10

48,695,130	39,847,890
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9.00 Liabilities for expenses

Audit fees

30,000	57,500
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30,000	57,500
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13.01 Written off of fixed assets and advances

Written off-Advance to Transcom Distribution Company Limited	1,000,000	-
Written off-Advance to Ethical Toiletries Limited	10,225,967	-
Written off-Fixed assets	250,000	-
	11,475,967	-

Management of the company regularly assess the recoverability of advance to parties. As on the balance sheet date, management of the company decided that the advance to parties are not recoverable and hence, these balances have been written off. Management of the company also decided to write off the fixed assets (Mould machine) used in production under Ethical Toiletries Limited as the asset has to further use and there is no scrap value of the asset.

14.00 Selling and distribution expenses

Scheme and sales promotion	-	2,400,000
Travelling and conveyance	-	-
	-	2,400,000

15.00 Income tax expenses

Current tax	7,200	37,132
Less: Over provision in previous year	-	(34,800)
	7,200	2,332

16.00 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The company has exposure to the following risks from its use of financial instruments:

- Credit risks
- Liquidity risks
- **Credit risks:**

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition, ageing profile etc. Accounts and other receivables are mainly related to the Company's buyers. The company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of credit purchaser. Credit risk does not arise in respect of any other receivables.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<u>As at</u>	<u>As at</u>
	<u>31 March 2020</u>	<u>31 March 2019</u>
	<u>BDT</u>	<u>BDT</u>
Accounts receivable	-	4,425,596
Advance to distributor	-	2,200,000
Advance to supplier	-	10,225,967
	-	16,851,563

• **Liquidity risks:**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities . The Company's approach to managing liquidity (cash and bank balances) is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses.

Typically, the Company ensures that it has sufficient cash and bank balances to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, based on time line of payment of the financial obligation and accordingly arranging for sufficient liquidity/fund to make the expected payment within due date.

In extreme stressed conditions, the Company may get support from the shareholders in the form of shareholder's loan/capital contribution.

The following are the contractual maturities of financial liabilities :

Audit fees

<u>As at</u>	<u>As at</u>
<u>31 March 2020</u>	<u>31 March 2019</u>
<u>BDT</u>	<u>BDT</u>
30,000	57,500
<u>30,000</u>	<u>57,500</u>