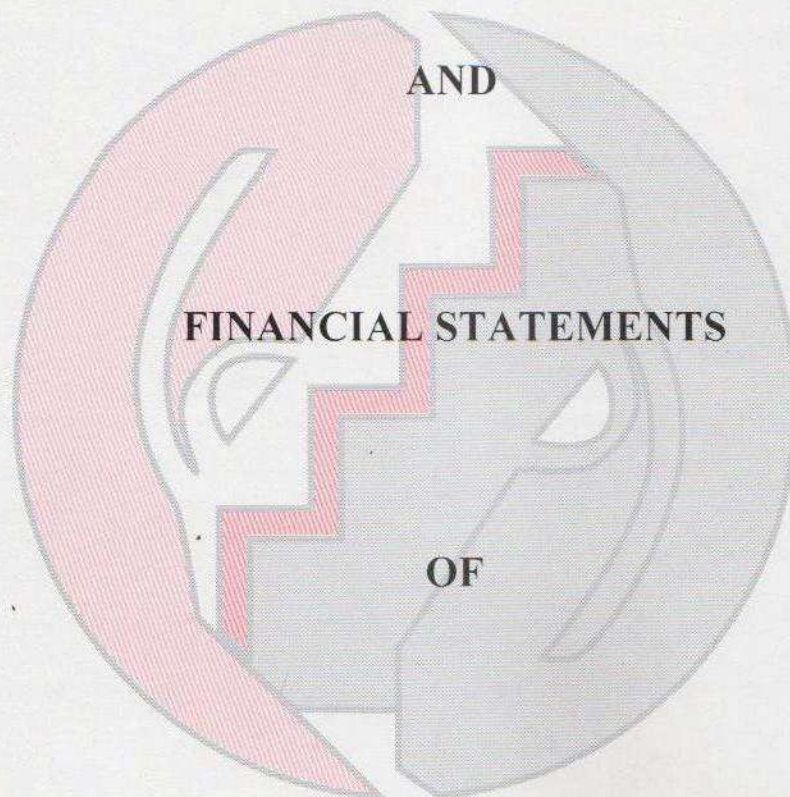


INDEPENDENT AUDITORS' REPORT



BAJAJ BANGLADESH LIMITED

AS AT AND FOR THE YEAR ENDED 31 MARCH 2019



AHMED MASHUQUE & CO., *Chartered Accountants*

Navana Obaid Eternia
28-29 Kakrail (Level #13-14)
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AHMED MASHUQUE & CO.
C h a r t e r e d A c c o u n t a n t s

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Independent auditor's report

To the Shareholders of Bajaj Bangladesh Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Bajaj Bangladesh Ltd.**, which comprise the statement of financial position as at 31 March 2019, 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 a true and fair view 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), 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. 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, 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 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.

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 statement 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.

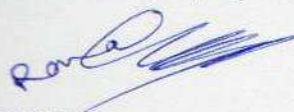
Dated, **06 APR 2019**
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

Bajaj Bangladesh Limited
Statement of financial position
As at 31 March 2019

	Notes	As at	
		31-Mar-19 BDT	31-Mar-18 BDT
ASSETS			
Non-current assets			
Property, plant and equipment	4.00	250,000	250,000
Preliminary expenses	5.00	-	33,275
Pre-operative expenses	6.00	-	127,100
		250,000	410,375
Current assets			
Accounts receivable		4,425,596	7,545,685
Advances, deposits and prepayments	7.00	12,621,995	6,479,003
Cash and cash equivalents	8.00	1,667,161	1,934,134
		18,714,752	15,958,821
Total assets		18,964,752	16,369,196
EQUITY AND LIABILITIES			
Equity			
Share capital	9.00	39,847,890	23,971,460
Share money deposits		8,962,284	15,991,468
Retained earnings	SCE	(29,940,054)	(24,779,464)
		18,870,120	15,183,464
Current liabilities			
Trade and other payables		-	94,500
Liabilities for expenses	10.00	57,500	971,937
Provision for income tax	11.00	37,132	119,295
		94,632	1,185,732
Total equity and liabilities		18,964,752	16,369,196

The accompanying notes 1 to 18 form an integral part of the financial statements

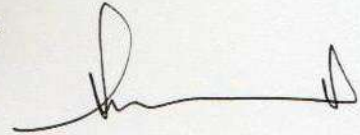

Director


Director

As per our annexed report of same date

Dated, 06/04/2019
Dhaka.

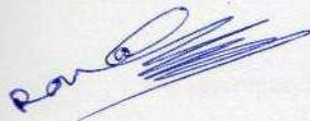



Ahmed Mashuque & Co.
Chartered Accountants

Bajaj Bangladesh Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

	Notes	For the year ended	
		31-Mar-19	31-Mar-18
		BDT	BDT
Revenue	12.00	3,068,510	6,561,469
Less: Cost of sales	13.00	1,826,509	7,963,275
Gross profit		1,242,001	(1,401,806)
Less: Administrative expenses	15.00	4,046,830	4,935,022
Less: Selling and distribution expenses	16.00	2,400,000	3,273,340
Profit/(loss) before income tax		(5,204,829)	(9,610,168)
Less: Income tax expenses	17.00	2,332	37,924
Profit/(loss) after income tax		(5,207,161)	(9,648,092)
Add: Other comprehensive income		-	-
Total comprehensive income		(5,207,161)	(9,648,092)

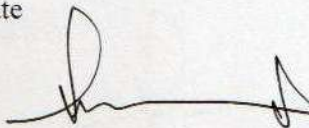
The accompanying notes 1 to 18 form an integral part of the financial statements


 Director


 Director

As per our annexed report of same date

Dated, 06/04/2019
 Dhaka.


 Ahmed Mashuque & Co.
 Chartered Accountants



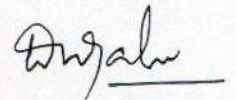
Bajaj Bangladesh Limited
Statement of changes in equity
For the year ended 31 March 2019

Amount in BDT

Particulars	Share capital	Share money deposit	Retained earnings	Total
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
Balance as at 01 April 2017	23,971,460	6,112,762	(15,266,918)	14,817,304
Share money deposit during the year	-	9,878,706	-	9,878,706
Net loss during the year	-	-	(9,648,092)	(9,648,092)
Adjustment for VAT	-	-	135,546	135,546
Balance as at 31 March 2018	23,971,460	15,991,468	(24,779,464)	15,183,464

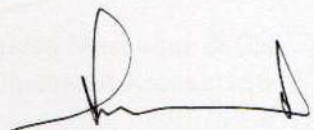
The accompanying notes 1 to 18 form an integral part of the financial statements


 Director


 Director

As per our annexed report of same date

Dated, 06/04/2019
 Dhaka.


 Ahmed Mashuque & Co.
 Chartered Accountants



Bajaj Bangladesh Limited
Statement of cash flows
For the year ended 31 March 2019

	For the year ended	
	31-Mar-19	31-Mar-18
	BDT	BDT
A. Cash flows from operating activities		
Cash receipts from customers	6,188,598	6,320,738
Cash paid to suppliers and employees	(15,302,817)	(14,601,669)
Net cash used in operating activities	(9,114,219)	(8,280,930)
B. Cash flows from financing activities		
Proceeds from issuance of share capital	8,847,246	9,878,706
Net cash generated from financing activities	8,847,246	9,878,706
Net increase in cash and cash equivalents (A+B)	(266,973)	1,597,776
Cash and cash equivalents at beginning of the year	1,934,134	336,358
Cash and cash equivalents at end of the year	1,667,161	1,934,134

The accompanying notes 1 to 18 from an integral part of these financial statements.


Director


Director

As per our annexed report of same date

Dated, 06/04/2019
 Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants



Bajaj Bangladesh Limited
Notes to the Financial Statements
As at and for the year ended 31 March 2019

1.00 Significant accounting policies and other material information

1.01 Corporate history

Bajaj Bangladesh Limited is a public 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 little 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 2019;
- ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2019;
- iii) Statement of changes in equity for the year ended 31 March 2019;
- iv) Statement of cash flows for the year ended 31 March 2019; and
- v) Notes to the financial statements as at and for the year ended 31 March 2019.

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 company has adequate resources to continue in operation for the foreseeable future and hence, the financial statements have been prepared on going concern basis. As per assessment there are no material uncertainties related to events or condition which may cast significant doubt upon the company's ability to continue as a going concern.

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 2018 to 31 March 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 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.



3.07 Taxation

Income tax expenses comprises current and deferred tax . Current tax and deferred tax is recognized in profit or loss except to the extent that its relates to items recognized directly in equity in which case it is recognized in equity.

3.08 Provision for income tax

Provision for income tax has been made in the financial statement under section 82C(4) as per the Income Tax Ordinance, 1984.

3.09 Events after the reporting date

There are no material events that had occurred after reporting period to the date of issue of these financial statements, which could affect the figures stated in the financial statements.

3.10 Directors' remuneration

During the year under audit, directors of the company did not receive any remuneration.

3.11 Related party transaction

No related party transactions occurred during the year.

3.12 Subsequent events

All subsequent events that require adjustment and/or disclosures have been adjusted and/ or disclosed.

3.13 Contingent liabilities/ asset

No contingent liability / asset exist on the balance sheet date.

As at	
31-Mar-19	31-Mar-18
BDT	BDT

4.00 Property, plant and equipment

It is a Mould machine used in production under Ethical Toiletries Limited (ETL) .

5.00 Preliminary expense

This amount represents the expenses incurred for the incorporation and having different licenses and registrations of the company. The expense has been written off in current year as per management decision.

6.00 Pre-operative expenses

Audit fees	-	57,500
Membership expenses	-	30,000
Bank charges	-	10
General expenses	-	39,590
	<u>-</u>	<u>127,100</u>

The pre-operative expenses have been written off in current year as per management decision.

7.00 Advances, deposits and prepayments

Transcom Distribution Company Limited	2,200,000	-
Ethical Toiletries Limited (ETL)	10,225,967	6,273,200
VAT current account (Note-7.01)	196,028	205,803
	<u>12,621,995</u>	<u>6,479,003</u>

Note-7.01: VAT current account balance has been restated to the amount in Tk. 205,803. The previous balance in the financial statements for the year ended 31 March 2018 was Tk. 70,257. The balance has been restated by complying IAS-8 " Accounting Policies, Changes in Accounting Estimates and Errors".



8.00 Cash and cash equivalents

Cash in hand	-	-
Cash at Bank (State Bank of India, A/C No. 05420291220201)	1,667,161	1,934,134
	<u>1,667,161</u>	<u>1,934,134</u>

9.00 Share capital

Authorized share capital (5,000,000 ordinary shares @ Tk.10 each)	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed & paid up share capital (3,984,789 ordinary shares @ Tk.10 each)	<u>39,847,890</u>	<u>23,971,460</u>

Shareholding position of the company is as under:

Bajaj Corp Limited (3,984,783 ordinary shares of Tk. 10 each)	39,847,830	23,971,400
Mr. Sumit Malhotra (01 ordinary share of Tk. 10 each)	10	10
Mr. Jimmy Rustom Anklesaria (01 ordinary share of Tk. 10 each)	-	10
Mr. Vimal Chandra Nagori (01 ordinary share of Tk. 10 each)	-	10
Mr. Dilip Kumar Maloo (01 ordinary share of Tk. 10 each)	10	10
Mr. Shalabh Pokharna (01 ordinary share of Tk. 10 each)	-	10
Mr. Sujoy Sircar (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	-
Mr. Akash Gupta (01 ordinary share of Tk. 10 each)	10	-
Mr. Ronak Modi (01 ordinary share of Tk. 10 each)	10	-
	<u>39,847,890</u>	<u>23,971,460</u>

10.00 Liabilities for expenses

Audit fees	57,500	45,000
TDS on purchase	-	532,200
TDS on legal & professional fees	-	22,500
Salary payable	-	208,487
VAT on legal & professional fees	-	33,750
Other liabilities	-	130,000
	<u>57,500</u>	<u>971,937</u>



	For the year ended	
	31-Mar-19	31-Mar-18
	BDT	BDT
11.00 Provision for income tax		
Opening balance	119,295	184,880
Add: Income tax expense during the year	37,132	37,924
Less: Income tax paid during the year	(37,924)	(103,509)
Less: Adjustment for assessment year 2016-2017	(46,571)	-
Less: Over provision in last years	(34,800)	-
	37,132	119,295
12.00 Revenue		
Sales during the year	3,068,510	12,874,067
Less: Sales return	-	6,312,598
	3,068,510	6,561,469
13.00 Cost of sales		
Opening inventories	-	1,350
Add: Purchased during the year	1,836,981	3,965,052
Add: Redressing material	(10,472)	79,873
Add: Additional conversion cost for minimum volume (Note: 14)	-	3,917,000
Less: Closing inventories	-	-
	1,826,509	7,963,275
14.00 Additional conversion charges for minimum volume		
It represents the additional conversion charges payable by the company to Ethical Toiletries Limited (ETL). As per the term of the agreement for manufacturing and sales of goods between Bajaj Bangladesh Limited and ETL a minimum conversion charge is payable by Bajaj Bangladesh Limited to ETL. However, due to short lifting of goods from ETL, the entire amount of conversion charges payable was not absorbed through purchase of goods by the company. Details calculation as follows:		
Minimum conversion charge for the year	-	4,303,142
Less: Conversion charge absorbed during the year	-	(386,142)
	-	3,917,000
15.00 Administrative expenses		
Freight and Octroi	-	27,155
Personnel expenses	3,496,776	2,786,382
Lodging and boarding	-	194,807
Office rent	46,115	-
Printing and stationery	7,939	10,134
Postage and courier	-	22,837
Legal and professional fees	52,309	241,500
Preliminary expenses written off	33,275	-
Pre-operative expenses written off	127,100	-
Bank charge	38,000	18,270
Communication expenses	3,800	45,100
Audit fees	57,500	57,500
Conference expenses	13,760	179,054
Other expenses	170,256	1,352,282
	4,046,830	4,935,022



16.00 Selling and distribution expenses

Scheme and sales promotion	2,400,000	2,252,358
Travelling and conveyance	-	1,020,982
	<u>2,400,000</u>	<u>3,273,340</u>

17.00 Income tax expenses

Current tax	37,132	37,924
Less: Over provision in previous year	(34,800)	-
	<u>2,332</u>	<u>37,924</u>

18.00 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>31 March 2019</u>	<u>As at</u> <u>31 March 2018</u>
	<u>BDT</u>	<u>BDT</u>
Accounts receivable	4,425,596	7,545,685
Advance to distributor	2,200,000	-
Advance to supplier	10,225,967	6,273,200
	<u>16,851,563</u>	<u>13,818,885</u>

• 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 :



	<u>As at</u> <u>31 March 2019</u>	<u>As at</u> <u>31 March 2018</u>
	<u>BDT</u>	<u>BDT</u>
Audit fees	57,500	45,000
TDS on purchase	-	532,200
TDS on legal & professional fees	-	22,500
Salary payable	-	208,487
VAT on legal & professional fees	-	33,750
Other liabilities	-	130,000
	<u>57,500</u>	<u>971,937</u>

