

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
Naga Mills Private Limited
AS AT 30 JUNE 2022
AND
FOR THE PERIOD FROM 1 JULY 2021 TO 30 JUNE 2022



AHMED MASHUQUE & CO., Chartered Accountants

Navana Obaid Eternia
28-29 Kakrail (Level # 05, 13 & 14)
VIP Road, Dhaka-1000, Bangladesh
Tel : +880-2-58316931-39, Fax: +880-2-58316929
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
Member Firm of **Crowe Global**
www.crowe.com



AHMED MASHUQUE & CO.
Chartered Accountants

Navana Obaid Eternia
28-29 Kakrail (Level # 05, 13 & 14)
VIP Road, Dhaka-1000, Bangladesh
Tel: +880-2-58316931-39
Fax: +880-2-58316929
Email: info@ahmedmashuque.com
Web: www.ahmedmashuque.com

**Independent Auditors' Report
to the shareholders of
Naga Mills Private Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Naga Mills Private Limited (the company), which comprise the statements of financial position as at 30 June 2022, and the statement of profit and 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 30 June 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Institute of Chartered Accountants of Bangladesh (ICAB) Bye Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter- Basis of accounting

We draw attention to the note # 2.04 of the financial statements regarding Going Concern of the company. Our opinion is not qualified in respect of this matter.

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 also responsible for overseeing the company's financial reporting process.

Auditors' 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 gives a true and fair view.

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 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 and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

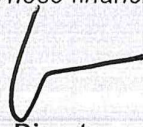
Dated: 21 December 2022
Dhaka

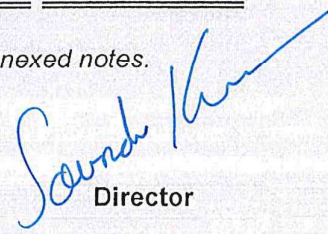
Ahmed Mashuque
Ahmed Mashuque & Co.
Chartered Accountants
Jahangir Hussain ACA
Partner
Enrolment Number: 1960
DVC: 2212211960AS529692
Mamun

Naga Mills Private Limited
Statement of financial position
As at 30 June 2022

Particulars	Notes	Amount in Taka	
		30-Jun-22	30-Jun-21
Assets			
Non Current assets			
Property, plant and equipment		-	-
Current assets			
Advance income tax		635,727	632,727
Cash and cash equivalents	4.00	5,247,857	5,833,951
Total assets		5,883,584	6,466,678
Shareholder's equity and Liabilities			
Shareholder's equity			
Share capital	5.00	96,700	96,700
Share money deposits		7	7
Retained earnings		(699,504)	(428,826)
		(602,798)	(332,120)
Liabilities			
Current liabilities			
Inter-company account		682,112	682,112
Short term loan	6.00	5,435,516	5,435,516
Provision for income tax		31,636	31,636
Liabilities for expense	7.00	337,118	649,534
		6,486,382	6,798,798
Total shareholder's equity and liabilities		5,883,584	6,466,678

These financial statements should be read in conjunction with annexed notes.


Managing Director


Director

Signed in terms of our report of even date annexed.

Dated: 21 December 2022
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants
Jahangir Hussain ACA
Partner
Enrolment Number: 1960
DVC: 2212211960AS529692

Mamun

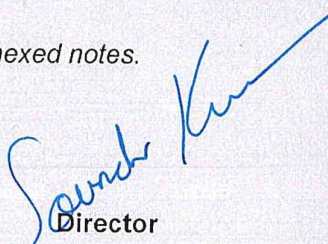


Naga Mills Private Limited
Statement of profit or loss and other comprehensive income
For the period from 01 July 2021 to 30 June 2022

Particulars	Notes	Amount in Taka	
		2021-2022	2020-2021
Income			
Revenue		-	-
Other Income		-	5,272,727
Total Income		-	5,272,727
Less: Expenditures			
Administrative Expenses	8.00	301,578	372,205
Total Expense		301,578	372,205
Profit /(Loss) before tax		(301,578)	4,900,522
Less: Income tax expenses		-	(31,636)
Total comprehensive income/(loss)		(301,578)	4,868,886
(Transferred to statement of changes in equity)			

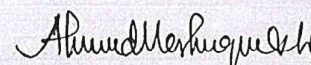
These financial statements should be read in conjunction with annexed notes.


Managing Director


Director

Signed in terms of our report of even date annexed.

Dated: 21 December 2022
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants
Jahangir Hussain ACA
Partner
Enrolment Number: 1960
DVC: 2212211960AS529692

Mamun




NAGA MILLS PRIVATE LIMITED
Statement of changes in equity
For the period from 01 July 2021 to 30 June 2022

Amount in Taka

Particulars	Share capital	Share money deposits	Retained earnings	Total
Balance as at 01 July 2020	96,700	7	(5,297,712)	(5,201,006)
Total comprehensive income	-	-	4,868,886	4,868,886
Balance as at 30 June 2021	96,700	7	(428,826)	(332,120)
Balance as at 01 July 2021	96,700	7	(428,826)	(332,120)
Prior period adjustment			30,900	30,900
Total comprehensive income	-	-	(301,578)	(301,578)
Balance as at 30 June 2022	96,700	7	(699,504)	(602,798)

These financial statements should be read in conjunction with annexed notes.


Managing Director


Director


Mamun

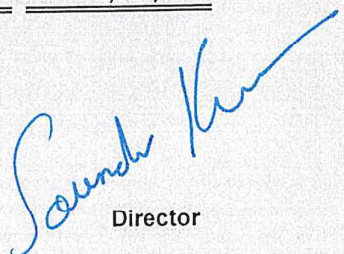
Dated: 21 December 2022
Dhaka.



NAGA MILLS PRIVATE LIMITED
Statement of Cash Flows
For the period from 01 July 2021 to 30 June 2022

Particulars	Amount in Taka	
	01 July 2021 to 30 June 2022	01 July 2020 to 30 June 2021
Cash flows from operating activities		
Receipts from customers and others	-	5,272,727
Payments to suppliers, and others	(583,094)	(498,140)
Income tax paid	(3,000)	(632,727)
A. Net cash generated by /(used in) operating activities	(586,094)	4,141,860
Cash flows from investing activities:		
B. Net cash provided by /(used in) investing activities	-	-
Cash flows from financing activities:		
C. Short term loan	-	-
Net cash provided by /(used in) financing activities	-	-
Net changes in cash and cash equivalents (A+B+C)	(586,094)	4,141,860
Add: Cash and cash equivalents at the beginning of the year	5,833,951	1,692,090
Cash and cash equivalents at the end of the year	5,247,857	5,833,951


Managing Director


Director

Mamun

Dated: 21 December 2022
Dhaka



Naga Mills Private Limited

Notes, comprising significant accounting policies and other explanatory information

As at 30 June 2022 and for the year ended 30 June 2022

1.00 1.01 Company profile

Naga Mills Private Limited, is a private limited company incorporated in Bangladesh on 06 February 2018 under the Companies Act, 1994 vide registration no. C-142979/2018. The registered office of the company is located at Navana Obaid Eternia, 28-29 Kakrail, Level 12-13, VIP Road Dhaka-1000, Bangladesh.

1.02 Nature of business

The main business of the company is to manufacture of all kinds of and/or the allied & byproducts and intermediates of the all type of soaps, soap chips, soap powders, washing soaps, liquid soaps, glycerin's, detergents, detergent cake, detergent powder, shampoo, toiletries, cosmetics and its ingredients etc. The company has no operating activities till date.

2.00 2.01 Basis of preparation

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 1994 and other relevant local laws and regulations as applicable. IFRS comprise of:

International Financial Reporting Standards (IFRS);
International Accounting Standards (IAS); and
Interpretations.

2.02 Reporting period

The financial year of the company has been determined to be from 01 July to 30 June each year. These financial statements cover the period from 01 July 2021 to 30 June 2022 .

2.03 Basis of accounting

The financial statements have been prepared under the accrual basis of accounting.

2.04 Going concern

The management of the company has assessed that the business is no longer cost effective and feasible. Accordingly the board passed a resolution requesting to take decision of winding up voluntarily of the company through holding an extra ordinary resolution.

2.05 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.06 Use of estimates and judgments

The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make judgment, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

2.07 Functional and presentation currency

These financial statements are presented in Bangladesh currency (Taka), which is both functional currency and presentation currency of the company. All amount have been rounded off to the nearest Taka unless otherwise indicated.

2.08 Components of financial statements

The financial statements comprises of:

- (i) Statement of financial position as at 30 June 2022;
- (ii) Statement of profit or loss and other comprehensive income for the period from 01 July 2021 to 30 June 2022;



- (iii) Statement of changes in equity for the period from 01 July 2021 to 30 June 2022;
- (iv) Statement of cash flows for the period from 01 July 2021 to 30 June 2022;
- (v) A summary of significant accounting policies and other explanatory information as at 30 June 2022 and for the year ended 30 June 2022.

3.00 Significant accounting policies

3.01 Property, plant and equipment

Recognition and measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially recognized at its cost of acquisition and subsequently stated at cost less accumulated depreciation and impairment losses, if any, in accordance with IAS-16: Property, Plant and Equipment. The cost of an item of property, plant and equipment comprises its purchase price, import duties and non-refundable taxes, after deducting trade discount and rebates, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the intended manner. However, since there is no operation, company did not procure any property, plant & equipment as of today.

3.02 Adoption of IFRS 16: Lease

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. A lessee may elect not to recognize the implication of the standard in case of a short term leases or leases for low valued underlying asset. Naga Mills Private Limited has a lease agreement of office rent which the management of the company recognize as lease for underlying low value assets.

3.03 Income tax

Income tax expenses comprise current tax . Current 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.

3.04 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and cash which are available for use by the Company without any restriction. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.05 Provisions

Provisions are recognized in the Statement of financial position when the company has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate thereof can be made.

3.06 Revenue recognition

(a) Sales of goods

Revenue is recognized as and when the entity satisfies the performance obligation based on the contract(s) with a customer (in writing, orally or in accordance with other customary business practice) where the parties are committed to perform their obligation in the contract by allocating transaction price to the performance obligation as determined in the contract. As of today, company has no operating activities.

3.07 Statement of cash flows

Statement of cash flows is prepared in accordance with IAS-7 : *Cash Flow Statement under direct method.*

3.08 Offsetting

Financial assets and liabilities are offset and net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the company intends to either to settle on the net basis, or to realize the assets and to settle the liabilities simultaneously.

Mamun



3.09 Materiality and aggregation

Each material class of similar items present separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

3.10 Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into International taka at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into International taka at the exchange rates ruling at the statement of financial position date. Non monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into International taka at the exchange rate ruling at the date of the transaction. Foreign exchange differences arising on translation are recognized in the respective head of income/expenses.

3.11 Financial risk management policies

The management of the company has the overall responsibility for the establishment and oversight of the company's risk management framework. Financial risk management policies require establishing standard procedures to identify and analyze the main risks to which the company is exposed and continually deploying and managing risk management systems designed to eliminate or reduce the probability that risks will arise and to limit their impact.

3.12 General

Figures have been rounded off to the nearest Taka as the currency represented in these financial statements.

		Amount in Taka	
		30-Jun-22	30-Jun-21
4.00	Cash and cash equivalent		
	Cash at bank:		
	Standard chartered	5,247,857	5,833,951
		<u>5,247,857</u>	<u>5,833,951</u>
5.00	Share Capital		
	Authorized Capital	30,000,000	30,000,000
	(30,00,000 shares of TK. 10 each)		
	Issued, subscribed & paid up share capital	96,700	96,700
	(9670 shares of TK. 10 each)		
	Share holder position of the company is as under:		
	NAGA LIMITED	96,430	96,430
	(9643 ordinary shares @ Tk. 10 per share)		
	Mr. K.S. Kamalakannan	90	90
	(9 ordinary shares @ Tk. 10 per share)		
	Mr. Sounder Kannan	90	90
	(9 ordinary shares @ Tk. 10 per share)		
	Ms. M. Jayalalitha	90	90
	(9 ordinary shares @ Tk. 10 per share)		
		<u>96,700</u>	<u>96,700</u>
6.00	Short term loan		
	The amount was received through banking channel	5,435,516	5,435,516
7.00	Liabilities for expense		
	Professional fees payable	148,618	330,734
	Audit fees payable	50,000	50,000
	Rent payable	104,500	199,500
	TDS & VDS payable	34,000	69,300
		<u>337,118</u>	<u>649,534</u>



Mamun

Amount in Taka	
01 July 2021 to 30 June 2022	01 July 2020 to 30 June 2021

8.00 Administrative expenses

Professional fees
Audit fees
Office rent (Including VAT)
Bank charge
License & registration
Other expense

91,220	69,250
57,500	57,500
138,000	138,000
3,890	5,340
10,968	5,327
-	96,788
301,578	372,205

9.00 Related party disclosures

Related party transaction

During the year the company carried out some transactions with related parties in the normal course of business. Names of those related parties, nature of those transactions and their total value have been set out in accordance with the provisions of IAS 24: *Related Party Disclosure*.

				Amount in taka
Name & relation of the related party transaction	Nature of transaction	Opening Balance as on 01 July 2021	Transaction value	Amount due as on 30 June 2022
Naga Limited, India Parent Company	Loan	5,435,516	-	5,435,516
	Payment for expenses	682,112	-	682,112
Total		6,117,628	-	6,117,628

10.00 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 analyse 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
- Market risk
- Credit risk

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.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

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.



a) 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:

Cash and cash equivalents

Note # 4

5,247,857
5,247,857

• Liquidity risk

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 :

As at 30 June 2022				
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	More than 3 months - 12 months
Liabilities for expense	337,118	(337,118)	-	(337,118)
Inter-company account	682,112	(682,112)	-	(682,112)
	1,019,230	(1,019,230)	-	(1,019,230)

• Market risk

Market risk is the risk that any change in market conditions, such as foreign exchange rates, interest rates and commodity prices that will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable level.

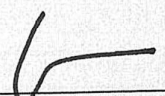
Currency risk

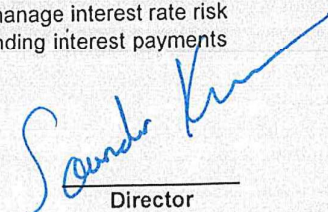
Transaction risk

Transaction risk arises from risk of adverse exchange rate movements occurring in the course of normal international transaction.

Interest rate risk

Interest rate risk arises from movement in interest rates. The company needs to manage interest rate risk so as to be able to repay debts as they fall due and to minimise the risks surrounding interest payments and receipts.


Managing Director


Director

Mameen

