

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
NAGA MILLS PRIVATE LIMITED
AS AT 30 JUNE 2018
AND
FOR THE PERIOD FROM 06 FEBRUARY 2018 TO 30 JUNE 2018**



AHMED MASHUQUE & CO., *Chartered Accountants*

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Independent Auditors' Report
to
The Shareholders
of
NAGA MILLS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **Naga Mills Private Limited**, which comprise the statement of financial position as at 30 June 2018, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 06 February 2018 to 30 June 2018, and notes, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.



Opinion


In our opinion, the financial statements present fairly, in all material respects, the financial position of **Naga Mills Private Limited** as at 30 June 2018, and its financial performance and its cash flows for the period from 06 February 2018 to 30 June 2018 in accordance with International Financial Reporting Standards.

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 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, **12 DEC 2018**
Dhaka


Ahmed Mashuque & Co.
Chartered Accountants

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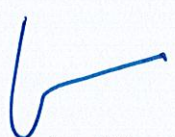
NAGA MILLS PRIVATE LIMITED

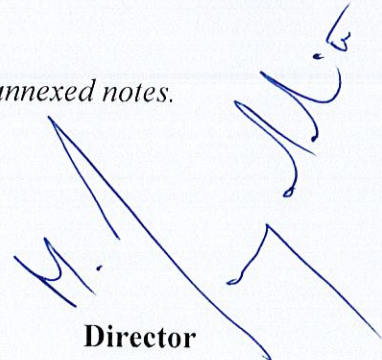
Statement of financial position

As at 30 June 2018

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u> <u>30-Jun-18</u>
Assets		
Non Current assets		-
Current assets		
Cash and cash equivalents	4.00	96,132
Total assets		<u>96,132</u>
Shareholder's equity and Liabilities		
Shareholder's equity		
Share capital	5.00	10,000
Share money deposits	6.00	86,707
Retained earnings		(332,730)
		<u>(236,023)</u>
Liabilities		
Current liabilities		
Liabilities for expense	7.00	122,690
Inter-company account	9.00	209,466
		<u>332,156</u>
Total shareholder's equity and liabilities		<u>96,132</u>

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


Managing Director


Director

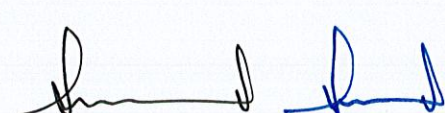
Signed in terms of our report of even date annexed.

Dated,
Dhaka.

12 DEC 2018

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Ahmed Mashuque & Co
Chartered Accountants

NAGA MILLS PRIVATE LIMITED
Statement of profit or loss and other comprehensive income
For the period from 06 February 2018 to 30 June 2018

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>06 Feb. 2018</u>	<u>to</u> <u>30 June 2018</u>
Revenue			-
Administrative Expenses	8.00	332,730	
Total Expense		332,730	
Profit/(Loss) before tax			(332,730)
Less: Income tax expenses			-
Total comprehensive income/(loss) after income tax			(332,730)
(Transferred to statement of changes in equity)			

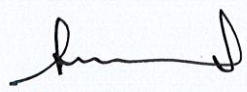
These financial statements should be read in conjunction with annexed notes.


Managing Director


Director

Signed in terms of our report of even date annexed.

Dated, 12 DEC 2018
Dhaka.


Ahmed Mashuque & Co
Chartered Accountants

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NAGA MILLS PRIVATE LIMITED
Statement of changes in equity
For the period from 06 February 2018 to 30 June 2018

Amount in Taka

Particulars	Share capital	Share money deposits	Retained earnings	Total
Balance as at 06 February 2018	-	-	-	-
Addition during the year	10,000	86,707		96,707
Total comprehensive income	-		(332,730)	(332,730)
Balance as at 30 June 2018	10,000	86,707	(332,730)	(236,023)

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


Managing Director

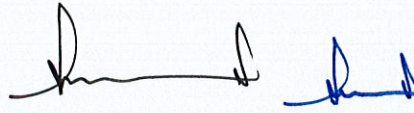

Director

Signed in terms of our report of even date annexed.

Dated, **12 DEC 2018**
Dhaka.

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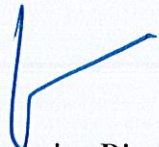


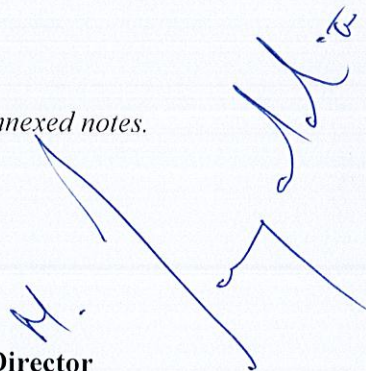

Ahmed Mashuque & Co
Chartered Accountants

NAGA MILLS PRIVATE LIMITED
Statement of Cash Flows
For the period from 06 February 2018 to 30 June 2018

<u>Particulars</u>	<u>06 Feb. 2018</u> to <u>30 June 2018</u>
A. Cash flows from operating activities	
Payment for expenses	(575)
<i>Net cash generated by /(used in) operating activities</i>	<i>(575)</i>
B. Cash flows from investing activities:	
Share capital	10,000
Share money deposits	86,707
<i>Net cash provided by /(used in) investing activities</i>	<i>96,707</i>
C. Cash flows from financing activities:	
<i>Net cash provided by /(used in) financing activities</i>	<i>-</i>
Net changes in cash and cash equivalents (A+B+C)	96,132
Add: Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year	96,132

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


Managing Director

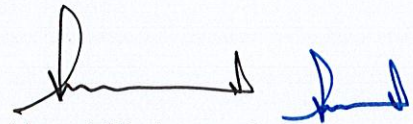

Director

Signed in terms of our separate report of even date annexed

Dated, **12 DEC 2019**
Dhaka

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Ahmed Mashuque & Co.
Chartered Accountants

NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information

As at and For the period from 06 February 2018 to 30 June 2018

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.

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.

The titles and format of these financial statements follow the requirements of IFRS 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 IFRS title gives better presentation to the shareholders.

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 06 February 2018 to 30 June 2018 consistently.

2.03 Basis of accounting

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

2.04 Going concern

The financial statements have been prepared on going concern basis. As per the management assessment, there is no material uncertainties related to events or conditions which may cast significant doubt upon the companies ability to continue as a going concern.

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.



NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information

As at and For the period from 06 February 2018 to 30 June 2018

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 2018;
- (ii) Statement of profit or loss and other comprehensive income for the period from 06 February 2018 to 30 June 2018;
- (iii) Statement of changes in equity for the period from 06 February to 30 June 2018;
- (iv) Statement of cash flows for the period from 06 February 2018 to 30 June 2018;
- (v) A summary of significant accounting policies and other explanatory information as at 30 June 2018.

3.00 Significant accounting policies

3.01 Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment are stated at cost net of accumulated depreciation. Cost includes expenditure that are directly attributable to the acquisition of the assets.

b) Subsequent cost

The cost of replacing component of an item of Property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits are embodied within the component will flow to the company and its cost can be measured reliably. The costs of the day to day servicing of Property, plant and equipment are recognized in the statement of profit or loss and other comprehensive income as incurred.

c) Disposal

On disposal of property, plant and equipment, the cost and accumulated depreciation are eliminated and gain or loss on such disposal is reflected in the statement of profit or loss and other comprehensive income, which is determined with reference to the net book value of the assets and net sales proceeds.

3.02 Income tax

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.

3.03 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.



NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information **As at and For the period from 06 February 2018 to 30 June 2018**

3.04 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.

3.05 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.

3.06 Statement of cash flows

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

3.07 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.

3.08 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.

3.09 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.

3.10 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.

3.11 General

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



NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information

As at and For the period from 06 February 2018 to 30 June 2018

		Amount in Taka
		30-Jun-18
4.00	Cash and cash equivalent	
	Cash in hand	-
	Cash at bank:	
	Standard Chartered	96,132
		96,132
5.00	Share Capital	
	Authorized Capital	30,000,000
	(3,000,000 shares of TK. 10 each)	
	Issued, subscribed & paid up share capital	10,000
	(1,000 shares of TK. 10 each)	
	Share holder position of the company is as under:	
	NAGA LIMITED	9,970
	(997 ordinary shares @ Tk. 10 per share)	
	Mr. K.S. Kamalakannan	10
	(1 ordinary shares @ Tk. 10 per share)	
	Mr. Sounder Kannan	10
	(1 ordinary shares @ Tk. 10 per share)	
	Ms. M. Jayalalitha	10
	(1 ordinary shares @ Tk. 10 per share)	
		10,000
6.00	Share Money Deposits	86,707
7.00	Liabilities for expense	
	Consultancy fees	65,190
	Audit fees	57,500
		122,690
		Amount in Taka
		06 February to 30
		June 2018
8.00	Administrative Expenses	
	Consultancy Fees	175,250
	Audit fees	57,500
	Miscellaneous expenses	9,200
	Postal expense	10,064
	Bank charge	575
	Registration & renewals	73,140
	Foreign exchange loss	7,001
		332,730



NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information

As at and For the period from 06 February 2018 to 30 June 2018

9.00 Related party disclosures

(A) 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 30-Jun-18
Name of the related party transaction	Nature of transaction	Relationship	Transaction value	Amount due
Naga Limited, India	Payment for expenses	Parent company	209,466	209,466
Total			209,466	209,466

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:

Bank balances	Note #	4.00	96,132
			<u>96,132</u>



NAGA MILLS PRIVATE LIMITED

Notes, comprising significant accounting policies and other explanatory information

As at and For the period from 06 February 2018 to 30 June 2018

• 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 2018				
Current liabilities	Carrying amount	Contractual cash flows	3 months or less	More than 3 months - 12 months
Liabilities for expense	122,690	(122,690)	(122,690)	-
Inter-company account	209,466	(209,466)	-	(209,466)
	332,156	(332,156)	(122,690)	(209,466)

• 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

