

REF: CIPL-0329-22-06

Date: 19 April 2022

Mr. Dinesh Gope Virwani
Managing Director
Cosmopolitan Industries (Pvt.) Limited
House 17, Road 15, Sector 3
Rabindra Swarani, Uttara
Dhaka-1230, Bangladesh

Subject: Engagement letter for the statutory audit of the financial statements of Cosmopolitan Industries (Pvt.) Limited for the year ended 30 June 2022

Dear Sir,

In accordance with the terms of your Appointment Letter dated 2 January 2022, you have requested that we audit the financial statements of the Cosmopolitan Industries (Pvt.) Limited for the year ended 30 June 2022, which comprise the statement of financial position as at 30 June 2022, statement of profit or loss and other comprehensive income, statement of cash flow, statement of changes in equity and notes to the financial statement for the year from 01 July 2021 to 30 June 2022, including a summary of significant accounting policies and other explanatory information. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit 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 International Standards on Auditing (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.

Responsibilities of the auditor

We will conduct our audit in accordance with ISAs. Those standards require that we comply with ethical requirements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies in internal control relevant to the audit of the financial statements that we have identified during the audit.

- 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 Entity'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 Entity 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with ISAs.

Responsibilities of management

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a) For the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards. This includes:
 - Compliance with the applicable provisions of the Companies Act 1994 and other applicable laws and regulations;
 - Maintenance of proper books of accounts and other matters connected therewith as required by law;
 - The responsibility for the preparation of the financial statements on a going concern basis;
 - The responsibility to ensure expenditures were incurred for the purpose of the Entity's business;
 - The responsibility to ensure that the statement of financial position, statement of profit or loss and other comprehensive income are in agreement with the books of account and return; and
 - The preparation of the annual accounts in accordance with, International Financial Reporting Standards and providing proper explanation relating to any material departures from those accounting standards.
- b) 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; and
- c) To provide us with:
 - i. Access to all information, including the books, accounts, vouchers and other records and documentation of the Entity, whether kept at the Head Office or elsewhere, of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matter;
 - ii. Additional information that we may request from management for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine is necessary to obtain audit evidence.

As part of our audit process, we will request from management and, where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

Reporting

We are required to form our opinion on whether the financial statements give a true and fair view of the financial position of the Entity as at the statement of financial position date, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

In accordance with the Companies Act, 1994, we are also required to report whether:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) proper books of account as required by law have been kept by the Entity so far as it appeared from our examination of those books;
- c) the Entity'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; and

Our report prepared in accordance ISAs and the relevant provisions of the Companies Act, 1994 would be addressed to the shareholders of the Company for adoption of the accounts at the Annual General Meeting. In respect of any other services, our report would be addressed to the Board of Directors. The form and content of our report may need to be amended in the light of our audit findings.

Independence Matters

- In connection with our engagement, the firm, management and Board of Directors, will assume certain roles and responsibilities in an effort to assist the firm in maintaining independence and ensuring compliance with the applicable independence requirements. The firm will communicate to its partners and employees that the Entity is an audit client. The management and Board of Directors of the Entity will ensure that the Entity, together with its related entities, has policies and procedures in place for the purpose of ensuring that neither the Entity nor any of its related entities will act to engage the firm or accept from the firm any service that has not been subjected to the pre-approval process, where required, or that would impair the firm's independence. All potential services are to be discussed with Faruk Uddin Ahammed FCA, CISA.
- In connection with the foregoing, the Entity agrees to furnish to the firm and keep the firm updated with respect to (1) a corporate tree that identifies the legal names of the Entity's related entities (2) any equity or debt securities of the Entity and its related entities that are available for public subscription together with related securities identification information (e.g., ISIN®, Trading symbol).
- The Management will coordinate with the firm to ensure that the firm's independence is not impaired by hiring former or current, firm's partners or professional employees who were part of the Audit Engagement Team for certain positions. The Management of the Entity will ensure that the Entity, together with its related entities, also has policies and procedures in place for the purposes of ensuring that the firm's independence will not be impaired by hiring a former or current, firm's partner or professional employee as a Director or Officer; or an employee in a position to exert significant influence over the preparation of the Entity's accounting records or the Financial Statements that would cause a violation of independence requirements. Any employment opportunities with the Entity for a former or current, firm's partner or professional employees who were part of the Audit Engagement Team should be discussed with Faruk Uddin Ahammed FCA, CISA before entering into substantive employment conversations with the former or the firm's partner or professional employee who were part of the Audit Engagement Team, if such opportunity relates to serving as (1) Director or Officer; or (2) an employee in a position to exert significant influence over the preparation of the Entity's accounting records or the Financial Statements.

For the purpose of the above paragraphs, "the firm" shall mean Nurul Faruk Hasan & Co., Chartered Accountants (Deloitte Bangladesh) and its network firms and Deloitte Touche Tohmatsu Limited, its affiliates and its member firms; and, in all cases, any successor or assignee.

Quality control review of the audit process

We also wish to invite your attention to the fact that our audit process is subject to 'quality review' organized by the Quality Assurance Board of the Institute of the Chartered Accountants of Bangladesh and in accordance with our Firm's policies to be conducted by independent reviewer(s). The reviewer(s) may inspect, examine or take abstract of our working papers during the course of the quality review. In this respect, we shall intimate to you before commencement of such reviews, where it is legally permissible.

The Document Verification System

We also wish to highlight that pursuant to the ICAB requirements, we are required to update certain financial and non-financial information about the Organization in the Document Verification System (DVS) Portal of the ICAB for generating the Document Verification Code number, which is required to be stated in the audit report/certificates and audited financial statements of the Organization for identification purposes.

Use of the work of an expert

In the course of performance of the engagements described in this letter, we may use internal or external experts as explained ISA 620 "Using the Work of an Auditor's Expert" (including specialists and staff) and services from our network firms and other affiliated entities wherever located, to maintain, process or assist and support in auditing any information received from the Entity during the course of our audit. For using the external experts, we need to have consent from EPIC.

We have the sole responsibility to the Entity for the services to be performed in terms of this letter and our responsibility is not reduced by the use of the work of a specialist or an expert (and for the avoidance of doubt, our network firms and other affiliated entities do not have any obligation to the Entity for the services being provided to the Entity in terms of this letter).

Fee

Break up of our fee is as follows:

- fee for the statutory audit is **BDT 648,000** plus Govt. VAT
- fee for Transfer Pricing (TP) Certification is **BDT 40,000** plus Govt. VAT
- out of pocket expense is **BDT 50,000** inclusive of VAT



Our invoices are payable within 30 days upon submission of invoices.

Governing law and jurisdiction

This agreement is made under, and shall be governed by Bangladesh law, and all disputes arising from or under this agreement shall be subject to the exclusive jurisdiction of the courts in Bangladesh.

Electronic distribution and publication of financial statements and our reports

We recognise that the Entity may wish to publish its financial statements and our reports thereon on its website, or to distribute such material to shareholders or other parties having a legitimate right to receive such by electronic means, such as e-mail or by any other means.

It is and shall remain the responsibility of the Entity to ensure that any such electronic publication or distribution accurately presents the financial statements and our report. The Entity shall ensure that financial information on its website distinguishes clearly between Entity's information that we are associated with and other information and avoids any inappropriate association.

The management of the Entity shall retain responsibility for using a secure method of communication when distributing the financial information and our report electronically and our work shall not extend to any consideration or examination of such matters, which shall be beyond the scope of this engagement.

The management of the Entity shall retain responsibility for the controls over the Entity's website and our work shall not extend to any consideration or examination of such matters that are beyond the scope of this engagement.

Electronic mail

We may communicate with you by electronic mail, on the basis that in consenting to this method of communication you accept the inherent risks (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices) and that you shall perform virus checks.

Confirmation

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records, documentation and other information are requested in connection with our audit.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Yours faithfully,


Nurul Faruk Hasan & Co
Chartered Accountants

We confirm the above terms of audit for and on behalf of Cosmopolitan Industries (Pvt.) Limited.

Authorised signatory:

Signature	:	
Name	:	Dinesh Gope Virwani
Position	:	Managing Director
Date	:	19 April 2022