

Arvind Textile Mills Limited

**Auditor's Report
and
Audited Financial Statements**

For the year ended 31 March, 2016



ACNABIN

Chartered Accountants

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Independent Auditor's Report
To the Shareholders of Arvind Textile Mills Limited

We have audited the accompanying financial statements of **Arvind Textile Mills Limited**, which comprise with balance sheet as at 31 March 2016, and the profit and loss account, statement of changes in equity, cash flow statement for the year then ended, and a summary of 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 Bangladesh 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we comply with 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 auditor's 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 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, of the financial position of Arvind Textile Mills Limited as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations.

We further 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 balance sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts maintained by the company and examined by us.

Dhaka
29 June 2016


ACNABIN
Chartered Accountants

Arvind Textile Mills Limited
Balance Sheet
As at 31 March 2016

	Notes	31.03.16 Taka	31.03.15 Taka
Assets			
Non current assets			
Fixed assets at WDV	3	16,549,219	20,719,933
		1,343,489	2,504,442
Current assets:			
Cash and bank balances	4	352,217	277,170
Accounts receivable	5	-	-
Advance for office rent	6	978,500	2,214,500
Advance income tax		12,772	12,772
Total asset		17,892,708	23,224,375
Equities & liabilities			
Equity and reserve:			
Paid up capital	7	64,732,000	64,732,000
Share money deposit	8	453	453
Share premium	9	77,941,141	77,941,141
Retained earnings		(126,393,205)	(121,583,595)
Non current liabilities			
Deferred tax	10	1,602,837	1,453,941
Current liability			
Accounts payable	11	-	672,750
Provision for current tax	12	9,482	7,685
Total equity and liability		17,892,708	23,224,375

The annexed notes form an integral part of the balance sheet.



Director
(Jayesh Shah)



Director
(Jagdish Dalal)

Dhaka
29 June 2016


ACNABIN
 Chartered Accountants




Arvind Textile Mills Limited
Profit and Loss Account
For the year ended 31 March 2016

	Note	2015-16 Taka	2014-15 Taka
Turnover/Revenue		3,160,778	2,509,272
Cost of sales		247,162	681,595
Gross Profit		2,913,616	1,827,677
Add: Other income		-	52,480
		2,913,616	1,880,157
Less: Operating expenses:	13	7,564,847	11,033,135
Profit before income tax		(4,651,231)	(9,152,979)
Less: Income tax			
Deferred tax		148,896	1,453,941
Current tax		9,482	7,685
Net profit after tax		(4,809,610)	(10,614,605)
Add: Accumulated loss, brought forward		(121,583,595)	(110,968,990)
Accumulated (Loss) transferred to balance sheet		(126,393,205)	(121,583,595)

The annexed note forms an integral part of the Profit and Loss Account.


Director
(Jayesh Shah)


Director
(Jagdish Dalal)

Dhaka,
29 June 2016


ACNABIN
Chartered Accountants



Arvind Textile Mills Limited
Statement of changes in equity
For the year ended 31 March 2016

Particulars	Paid-up Capital	Share Premium	Share Money Deposit	Accumulated Profit/(Loss)	Total
Balance as at 31 March 2015	64,732,000	77,941,141	453	(121,583,595)	21,089,999
Addition during the year	-	-	-	(4,809,610)	(4,809,610)
Balance as at 31 March 2016	64,732,000	77,941,141	453	(126,393,205)	16,280,389

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Director
(Jayesh Shah)

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Director
(Jagdish Dalal)

Arvind Textile Mills Limited

**Statement of Cash Flows
For the year ended 31 March 2016**

	2015-16 Taka	2014-15 Taka
a. Cash flow from operating activities		
Net loss	(4,809,610)	(10,614,605)
Adjustment for items not involving movement of cash:		
Depreciation	4,170,713	5,230,094
(Gain)/loss on sale of fixed assets	-	-
Tax paid	-	-
	<u>(638,896)</u>	<u>(5,384,511)</u>
Changes in working capital components:		
Increase in income tax provision	1,797	7,685
Increase in deferred tax liability	148,896	1,453,941
Increase in advance income tax	-	(12,772)
Decrease in accounts receivable	-	2,669,215
Decrease In accounts payable	(672,750)	672,750
Decrease in advance for office rent	1,236,000	1,236,000
Net cash flow from operating activities	<u>75,047</u>	<u>642,308</u>
b. Cash flow from investing activities		
Purchase of fixed assets	-	(1,035,485)
Net cash flow from investing activities	<u>-</u>	<u>(1,035,485)</u>
c. Cash flow from financing activities		
Increase issue of paid up capital	-	61,532,000
Decrease share money deposit	-	(118,018,376)
Increase share premium	-	56,486,376
Net cash flow from financing activities	<u>-</u>	<u>-</u>
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	75,047	(393,177)
Cash & bank balance at beginning of the year	277,170	670,347
Cash & bank balance at end of the year	<u>352,217</u>	<u>277,170</u>

Arvind Textile Mills Limited

**Notes to the Financial Statements
For the period from 01 April 2015 to 31 March 2016**

1. Formation, status and activities

1.1 Formation and status

Arvind Textile Mills Limited., a private company limited by shares, was incorporated in Bangladesh on 25 September 2006, under the Companies Act, 1994, with authorized capital Tk.500,000,000 (fifty crores) divided in to 50,000,000 (five crores) shares of Tk.10 (ten) each. The Majority of paid up share capital is being held by Arvind Limited, the holding company.

1.2 Activities

The company was established with the principal objectives of carrying of business of spinning, weaving, or manufacturing or importing, exporting or dealing in cotton or other fibrous substances and the preparation, dyeing or coloring of any of the said substances and the sale, import, export yarn, cloth or other manufactured fibrous products.

2. Significant accounting policies

2.1 Basis of the preparation of financial statements

These financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh.

2.2 Depreciation on fixed assets

Fixed assets in the balance sheet are stated at WDV i.e. cost less accumulated depreciation. Depreciation on fixed assets is computed using reducing balance method at the following rates based on the estimated useful lives of the assets.

Name of fixed assets	Rate (%)
Office equipment	20%
Computer equipment (EDP)	33.33%
Office renovation	20%
Laundry renovation	20%
Power supply-sub station	20%
Water treatment plant	20%
Machinery	20%
Leaser room renovation	20%

Full year's depreciation is charged on addition to fixed assets irrespective of the date of acquisition.

2.3 General

Figures in the financial statements have been rounded off to the nearest "Taka".

3. Fixed assets

Cost:

	31.03.2016	31.03.2015
	Taka	Taka
Opening balance	41,586,852	40,551,367
Add: Addition during the period	-	1,035,485
	<u>41,586,852</u>	<u>41,586,852</u>

Accumulated depreciation:

Opening balance	20,866,919	15,636,825
Add: Depreciation charged during the year	4,170,713	5,230,094
	<u>25,037,633</u>	<u>20,866,919</u>

Written down value as at 31 March 2016	<u>16,549,219</u>	<u>20,719,933</u>
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(A schedule of fixed assets is given in Annexure-A)



	31.03.2016 Taka	31.03.2015 Taka
4. Cash and bank balances		
Cash in hand	1,648	53,961
Cash at bank (A/C # 05420256920201)	350,569	223,209
	352,217	277,170
5. Accounts receivable		
Opening balance	-	2,669,215
Add: Addition during the year	-	-
	-	2,669,215
Less: Written off as bad debts	-	2,669,215
	-	-
6. Advance for office rent		
Opening balance	2,214,500	3,450,500
Add: Addition paid during the year	-	-
	2,214,500	3,450,500
Less: Adjusted/ realized during the year (Note: 6.01)	1,236,000	1,236,000
	978,500	2,214,500
Add: Over adjustment of advance rent	-	-
	978,500	2,214,500
6.01 Adjusted/ realized during the year		
Adjusted of advance office rent	1,236,000	1,236,000
Advance office rent paid Tk 61,80,000 for five years and these amounts will be adjusted on monthly basis Tk. 103,000 effective from 16 January 2012 to 15 January 2017.		
7. Share capital		
Authorized capital: 50,000,000 ordinary shares of Tk.10 each	500,000,000	500,000,000
Issued, subscribed and paid-up capital: 6,473,200 ordinary shares of Tk.10 each fully paid-up (Note: 7.01)	64,732,000	64,732,000
7.01 Details of shareholdings are as under:		
	<u>No. of share</u>	
<u>Name of the shareholder</u>		
Arvind Limited.	6,471,800	64,718,000
Mr. Jayesh Kantilal Shah	700	7,000
Mr. Jagdish Gajanand Dalal	700	7,000
	6,473,200	64,732,000
8. Share money deposit		
Opening Balance	453	118,018,829
Less: Transfer to share capital and share premium on allotment	-	118,018,376
	453	453
Add: Share application received during the year	-	-
	453	453
	453	453
9. Share premium		
70,000 shares @ 64.71	4,529,705	4,529,705
250,000 shares @ 67.70	16,925,060	16,925,060
6,153,200 shares @ 9.18	56,486,376	56,486,376
	77,941,141	77,941,141

31.03.2016
Taka
31.03.2015
Taka
10. Deferred tax liability

Deferred tax liabilities has been recognized in accordance with the provision of BAS 12 based on the difference in carrying amount of assets/liabilities and its tax base. Related tax expense has been disclosed in note 10.1.

Deferred tax liabilities is arrived at as follows:

	Accounting Base of Property plant and equipment	Tax Base of Property plant and equipment	Temporary difference
Property, plant & equipment (Note: 11.1)	16,549,219	21,128,754	(4,579,534)
Net temporary difference			(4,579,534)
Applicable tax rate			35%
Deferred tax liability			(1,602,837)

In calculating deferred tax, the company has considered the difference of carrying amount of assets as tax base vis-a-vis accounting base.

10.1 Property, plant & equipment

Tax base	Balance during the year	Capital allowance	Written down allowance
Office equipment (10%)	661,140	386,952	274,188
Computer equipment (30%)	800,979	635,546	165,433
Office Renovation (10%)	17,640,990	6,636,853	11,004,137
Laundry Renovation (20%)	1,980,480	1,169,275	811,205
Power Supply-Sub Station (20%)	2,843,485	1,440,218	1,403,267
Water Treatment Plant (20%)	2,688,364	1,587,210	1,101,154
Machinery (20%)	14,501,445	8,372,700	6,128,745
Leaser Room Renovation (20%)	469,969	229,345	240,624
			21,128,754

11. Accounts payable

Denim solutions limited		298,300
Mazumder chemicals		286,700
Professional fee		87,750
		672,750

12. Provision for current tax

Turnover/Revenue	3,160,778	2,509,272
Other income	-	52,480
Gross receipt	3,160,778	2,561,752
Income tax (year 2016 @.30%)	9,482	7,685
	9,482	7,685

13. Operating expenses

Office rent	2,187,436	2,128,988
Depreciation	4,170,713	5,230,094
Salaries and allowances	737,480	797,535
Bank charge	32,983	13,217
Professional fee	53,034	87,750
Licensing and other Fees	166,403	49,520
Membership Fee	24,000	40,000
Office Expense	17,300	-
Income Tax Expense	16,253	-
Repair and maintenance	60,207	340
Printing & Stationery	16,806	-
C & F charges	80,732	-
Cleaning expense	1,500	-
Bad debts expense	-	2,669,215
VAT expenses	-	16,477
	7,564,847	11,033,135



Arvind Textile Mills Limited
Schedule of Fixed Assets
For the year ended 31 March 2016

Particulars	COST			Rate%	DEPRECIATION			Written down value as of 31.03.2016		
	Balance as of 01.04.2015	During the year Addition	Balance as of 31.03.2016		Balance as of 01.04.2015	During the year Charged	Balance as of 31.03.2016			
	Office equipment	661,140	-		661,140	390,337	54,161		444,498	216,642
	Computer equipment (EDP)	800,979	-		800,979	600,478	66,827		667,305	133,674
Office Renovation	17,640,990	-	17,640,990	9,498,605	1,628,477	11,127,082	6,513,908			
Laundry Renovation	1,980,480	-	1,980,480	966,474	202,801	1,169,275	811,205			
Power Supply-Sub Station	2,843,485	-	2,843,485	1,089,401	350,817	1,440,218	1,403,267			
Water Treatment Plant	2,688,364	-	2,688,364	1,311,922	275,288	1,587,210	1,101,154			
Machinery	14,501,445	-	14,501,445	6,840,514	1,532,186	8,372,700	6,128,745			
Leaser room renovation	469,969	-	469,969	169,189	60,156	229,345	240,624			
As of 31 March 2016	41,586,852	-	41,586,852	20,866,919	4,170,713	25,037,633	16,549,219			
As of 31 March 2015	40,551,367	1,035,485	41,586,852	15,636,825	5,230,094	20,866,919	20,719,933			