

Arvind Textile Mills Limited

Financial Statements For the year ended 31 March 2013



ACNABIN

Chartered Accountants

BDBL Bhaban (Level-13), 12 Kawran Bazar Commercial Area, Dhaka-1215, Bangladesh.

Telephone : (880-2) 8144347-52, Facsimile : (880-2) 8144353

E-mail : <acnabin@bangla.net>, Web : www.acnabin-bd.com



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

We have audited the accompanying financial statements of **Arvind Textiles Mills Limited**, which comprise with balance sheet as at 31 March 2013, 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 2013, 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
25 April 2013


ACNABIN
Chartered Accountants



Arvind Textile Mills Limited
Balance Sheet
As at 31 March 2013

	Notes	31.03.13 Taka	31.03.12 Taka
ASSETS			
Non Current Assets			
Fixed Assets-less Accumulated Depreciation	3	28,903,122	7,729,302
Capital Work in Progress	4	-	-
		28,903,122	7,729,302
Current Assets			
Cash and Bank Balances	5	1,778,759	1,104,481
Accounts Receivable	6	2,669,215	6,732,982
Advances for Office Rent	7	4,686,500	5,871,000
Security Deposit	8	-	7,822,503
		9,134,473	21,530,966
Total		38,037,596	29,260,269
EQUITIES & LIABILITIES			
Equity			
Paid up Capital	9	3,200,000	3,200,000
Share Application	10	114,227,938	80,104,288
Share Premium	11	21,454,765	21,454,765
Retained Earnings		(100,845,107)	(75,498,785)
		38,037,596	29,260,269

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

Director
(Jayesh Shah)

Director
(Jagdish Dalal)

Dhaka
25 April 2013

Arvind Textile Mills Limited
Profit and Loss Account
For the period from 01 April 2012 to 31 March 2013

	Note	2012-13 Taka	2011-12 Taka
Turnover/Revenue		-	-
Cost of Sales		-	-
Gross Profit		-	-
Add: Other Income		66,478	25,670
Exchange gain/(loss)		(79,001)	3,368,415
		(12,523)	3,394,085
Capital Loss	12	-	(29,159,672)
		(12,523)	(25,765,587)
Less: Operating Expenses:	13	25,333,800	20,398,168
Net Loss		(25,346,323)	(46,163,755)
Add: Accumulated Loss, brought forwarded		(75,498,785)	(29,335,030)
Accumulated (Loss) transferred to Balance Sheet		(100,845,107)	(75,498,785)

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

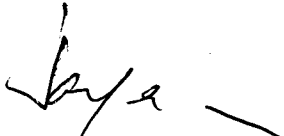

Director
 (Jayesh Shah)



Director
 (Jagdish Dalal)

Dhaka,
 25 April 2013

Arvind Textile Mills Limited
Statement of changes in equity
For the year ended 31 March 2013

Particulars	Paid-up Capital	Share Premium	Share Application	Accumulated Profit/(Loss)	Total
Balance as at 01 April 2011	3,200,000	21,454,765	73,564,000	(29,335,030)	68,883,735
Addition during the year	-	-	6,540,288	(46,163,755)	(39,623,467)
Balance as at 31 March 2012	3,200,000	21,454,765	80,104,288	(75,498,785)	29,260,269
Addition during the year	-	-	34,123,650	(25,346,323)	8,777,327
Balance as at 31 March 2013	3,200,000	21,454,765	114,227,938	(100,845,107)	38,037,596


Director
(Jayesh Shah)


Director
(Jagdish Dalal)

Arvind Textile Mills Limited
Statement of Cash Flows
For the period from 01 April 2012 to 31 March 2013

	2012-13 Taka	2011-12 Taka
a. Cash Flow from Operating Activities		
Net Loss	(25,346,323)	(46,163,755)
Adjustment for items not involving movement of cash:		
Depreciation	7,338,517	1,994,511
(Gain)/loss on sale of fixed assets	-	29,159,672
Tax paid	-	-
	<u>(18,007,805)</u>	<u>(15,009,572)</u>
Changes in working capital components:		
Decrease in Prepayments (Security Deposit)	7,822,503	2,633,305
Decrease in Receivable	4,063,767	(6,732,982)
Decrease in Prepayments (Advance Office Rent)	1,184,500	(5,871,000)
Net cash flow from operating activities	<u>(4,937,035)</u>	<u>(24,980,249)</u>
b. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(28,512,338)	(9,723,813)
Proceeds of Capital work-in-progress-Building	-	12,500,000
Acquisition of Capital Work in Progress	-	(24,561,896)
Net Cash flow from Investing Activities	<u>(28,512,338)</u>	<u>(21,785,709)</u>
c. Cash Flow from Financing Activities		
Share Application	34,123,650	6,540,288
Net Cash flow from Financing Activities	<u>34,123,650</u>	<u>6,540,288</u>
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	674,277	(40,225,670)
Cash & bank balance at beginning of the year	1,104,481	41,330,151
Cash & bank balance at end of the year	<u>1,778,759</u>	<u>1,104,481</u>

Arvind Textile Mills Limited

Notes to the Financial Statements For the period from 01 April 2012 to 31 March 2013

1. Formation, Status and Activities

1.1 Formation and Status

Arvind Textile Mills Ltd., 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 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%

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

2.3 General

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

b. Dollar transaction during the year have been converted and transacted using the actual exchange rate of particular. Opening balances of OBU dollar account has been converted by using the exchange rate as on 01 April 2012 (i.e. closing rate of 31 March 2012) which was USD 1= BDT 81.79. Closing balances of OBU dollar account has been converted at the Balance Sheet date of 31 March 2013 using the exchange rate USD 1= BDT 78.15.

	31.03.2013 Taka	31.03.2012 Taka
3 Fixed assets		
Cost:		
Opening balance	9,723,813	-
Add: Addition during the year	28,512,338	9,723,813
	<u>38,236,151</u>	<u>9,723,813</u>
Accumulated depreciation:		
Opening balance	1,994,511	-
Add: Depreciation charged during the year	7,338,517	1,994,511
	<u>9,333,028</u>	<u>1,994,511</u>
Written down value as at 31 March 2013 (A schedule of fixed assets is given in Annexure-A)	<u>28,903,122</u>	<u>7,729,302</u>
4 Capital Work-in-Progress-Building		
Opening Balance	-	17,097,776
Add: Addition during the year	-	24,561,896
Asset held for Sale	-	41,659,672
Less: Sale of Capital Work-in-Progress-Building	-	41,659,672
Closing balance	<u>-</u>	<u>-</u>
5 Cash and Bank Balances		
Cash in Hand	1,354	35,194
Cash at Bank:		
A/C # 05420035420001	-	915,954
A/C # 05420256920201	1,514,612	-
A/C # 06120001220001	262,793	153,333
	<u>1,778,759</u>	<u>1,104,481</u>
6 Accounts Receivable		
Opening Balance	6,732,982	-
Add: Addition during the year	-	-
Sale of Capital Work-in-Progress	-	12,500,000
Less: Received during the year	4,063,767	5,767,018
	<u>2,669,215</u>	<u>6,732,982</u>



7 Advances for Office Rent

Opening balance	5,871,000	-
Add: Addition paid during the year	-	6,180,000
	<u>5,871,000</u>	<u>6,180,000</u>
Less: Adjusted/ Realized during the year	(Note: 7.01) <u>1,236,000</u>	<u>309,000</u>
	4,635,000	5,871,000
Add: Over adjustment of advance rent	51,500	-
	<u>4,686,500</u>	<u>5,871,000</u>

7.01 Adjusted/ Realized during the year

Adjusted of advance office rent	<u>1,236,000</u>	<u>309,000</u>
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Advance office rent paid Tk 61,80,000 for five years and these amonuts will be adjusted on monthly basis Tk. 103,000 effective from 16 January 2012 to 15 January 2017.

8 Security Deposit

Opening balance	7,822,503	10,455,808
Add: Addition paid during the year	-	1,144,295
	<u>7,822,503</u>	<u>11,600,103</u>
Less: Realized during the year	<u>5,748,110</u>	<u>3,777,600</u>
	2,074,392	7,822,503
Less: Adjusted for rent payment by T&S for delayed period*	<u>2,074,392</u>	<u>-</u>
	<u>-</u>	<u>7,822,503</u>

*T&S Garments Ltd. has refunded the security deposit lying with BEPZA to Arvind Textile Mills Ltd. after adjusting the rent paid by T&S Garments for the delayed period in handing over the BEPZA plot.

9 Share Capital

Authorized capital: 50,000,000 ordinary shares of Tk.10 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital: 320,000 ordinary shares of Tk.10 each fully paid-up	(Note: 9.01) <u>3,200,000</u>	<u>3,200,000</u>

9.01 Details of shareholdings are as under:

Name of the shareholder	No. of share	31.03.2013	31.03.2012
		Taka	Taka
Arvind Limited.	318,600	3,186,000	3,186,000
Mr. Jayesh Kantil Shah	700	7,000	7,000
Mr. Jagdish Gajanand Dalal	700	7,000	7,000
	<u>320,000</u>	<u>3,200,000</u>	<u>3,200,000</u>

10 Share Application

Opening Balance	80,104,288	73,564,000
Less: Transfer to share capital and Share Premium on Allotment	-	-
	<u>80,104,288</u>	<u>73,564,000</u>
Add: Share application received during the year	<u>34,123,650</u>	<u>62,329,038</u>
	114,227,938	135,893,038
Less: Refund of Share Application	-	55,788,750
	<u>114,227,938</u>	<u>80,104,288</u>

**11 Share Premium**

70,000 shares @ 64.71
250,000 shares @ 67.70

4,529,705	4,529,705
16,925,060	16,925,060
21,454,765	21,454,765

12 Capital Loss

Cost of Capital Work-in-Progress-Building
Selling Price
Loss on sale of Capital Work-in-Progress-Building

2012-13 Taka	2011-12 Taka
-	41,659,672
-	12,500,000
-	(29,159,672)

13 Operating Expenses

Lease rental	5,311,885	6,315,432
Bank charge	60,575	226,806
Advertisement	8,000	31,200
Travelling	118,476	183,271
Office Expenses	81,857	128,811
Professional Fee	264,080	2,115,641
Miscellaneous Expenses	26,823	37,195
Utilities	213,950	18,424
Salary	2,004,551	1,556,619
Entertainment	8,108	39,014
Office Renovation Expense	1,371,641	845,025
Insurance Expense	141,653	-
Communication and Mailing	65,320	109,806
Security service	474,069	551,225
C&F Charges	828,019	97,773
Repair and Maintenance	411,919	225,600
Office Rent	5,887,349	1,346,841
Depriciation	7,338,518	1,994,511
Licensing and other Fees	83,560	-
Mebmbership Fee	30,000	-
Generator Expense	536,444	-
Laundry Expense	67,003	-
Taxes and Duties	-	7,700
Guest House expense	-	367,275
Legal fee-Reshipment	-	4,200,000
25,333,800	20,398,168	

Annexure-A

Arvind Textile Mills Limited
Schedule of Fixed Assets
For the year ended 31 March 2013

Particulars	COST			Rate%	DEPRECIATION			Written down value as of 31.03.2013
	Balance as of 01.04.2012	During the year	Balance as of 31.03.2013		Balance as of 01.04.2012	During the year	Balance as of 31.03.2013	
		Addition				Charged		
Office equipment	661,140	-	661,140	20%	132,228	105,782	238,010	423,129.60
Computer equipment (EDP)	373,204	427,775	800,979	33%	124,389	225,507	349,896	451,082.62
Office Renovation	8,689,469	8,951,521	17,640,990	20%	1,737,894	3,180,619	4,918,513	12,722,476.96
Laundry Renovation	-	1,980,480	1,980,480	20%	-	396,096	396,096	1,584,384.00
Power Supply-Sub Station	-	1,808,000	1,808,000	20%	-	361,600	361,600	1,446,400.00
Water Treatment Plant	-	2,688,364	2,688,364	20%	-	537,673	537,673	2,150,691.20
Machinery	-	12,656,198	12,656,198	20%	-	2,531,240	2,531,240	10,124,958.00
As of 31 March 2013	9,723,813	28,512,338	38,236,151		1,994,511	7,338,517	9,333,028	28,903,122
As of 31 March 2012	-	9,723,813	9,723,813		-	1,994,511	1,994,511	7,729,302