

**Arvind Textile Mills Limited**

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

**For the year ended 31 March, 2017**



**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 2017, 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 2017, 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.

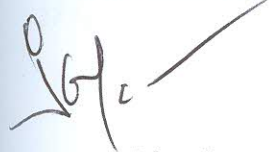
Dhaka  
27 April 2017

**ACNABIN**  
**Chartered Accountants**

**Arvind Textile Mills Limited**  
**Balance Sheet**  
**As at 31 March 2017**

	Notes	31.03.17 Taka	31.03.16 Taka
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets at WDV	3	13,221,557	16,549,219
		<b>152,504</b>	<b>1,343,489</b>
<b>Current assets:</b>			
Cash and bank balances	4	141,416	352,217
Advance for office rent	5	-	978,500
Advance income tax		11,088	12,772
<b>Total asset</b>		<b><u>13,374,061</u></b>	<b><u>17,892,708</u></b>
<b>Equities &amp; liabilities</b>			
<b>Equity and reserve:</b>			
Paid-up capital	6	64,732,000	64,732,000
Share money deposit	7	453	453
Share premium	8	77,941,141	77,941,141
Retained earnings		(131,081,305)	(126,393,205)
<b>Non current liabilities</b>			
Deferred tax	9	1,677,457	1,602,837
<b>Current liability</b>			
Accounts payable	10	84,070	-
Provision for current tax	11	20,245	9,482
<b>Total equity and liability</b>		<b><u>13,374,061</u></b>	<b><u>17,892,708</u></b>

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

  
**Director**  
(Jayesh Shah)

  
**Director**  
(Jagdish Dalal)

Dhaka  
27 April 2017

**ACNABIN**  
Chartered Accountants

**Arvind Textile Mills Limited**  
**Profit and Loss Account**  
**For the year ended 31 March 2017**

	Note	2016-17 Taka	2015-16 Taka
Turnover/Revenue		1,793,838	3,160,778
Cost of sales		139,510	247,162
<b>Gross Profit</b>		<b>1,654,328</b>	<b>2,913,616</b>
Add: Other income		-	-
		<b>1,654,328</b>	<b>2,913,616</b>
Less: Operating expenses:	12	6,257,045	7,564,847
<b>Profit before income tax</b>		<b>(4,602,717)</b>	<b>(4,651,231)</b>
Less: Income tax			
Deferred tax		74,620	148,896
Current tax		10,763	9,482
<b>Net profit after tax</b>		<b>(4,688,100)</b>	<b>(4,809,610)</b>
Add: Accumulated loss, brought forward		(126,393,205)	(121,583,595)
<b>Accumulated (Loss) transferred to balance sheet</b>		<b>(131,081,306)</b>	<b>(126,393,205)</b>

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

  
**Director**  
(Jayesh Shah)

  
**Director**  
(Jagdish Dalal)

Dhaka,  
27 April 2017

**ACNABIN**  
Chartered Accountants



**Arvind Textile Mills Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2017**

Particulars	Paid-up Capital	Share Premium	Share Money Deposit	Accumulated Profit/(Loss)	Total
Balance as at 31 March 2016	64,732,000	77,941,141	453	(126,393,205)	16,280,389
Addition during the year	-	-	-	(4,688,100)	(4,688,100)
Balance as at 31 March 2017	<b>64,732,000</b>	<b>77,941,141</b>	<b>453</b>	<b>(131,081,305)</b>	<b>11,592,288</b>

**Director**  
(Jayesh Shah)

**Director**  
(Jagdish Dalal)

**Arvind Textile Mills Limited**  
**Statement of Cash Flows**  
**For the year ended 31 March 2017**

	<b>2016-17</b> <b>Taka</b>	<b>2015-16</b> <b>Taka</b>
<b>a. Cash flow from operating activities</b>		
Net loss	(4,688,100)	(4,809,610)
Adjustment for items not involving movement of cash:		
Depreciation	3,327,663	4,170,713
(Gain)/loss on sale of fixed assets	-	-
Tax paid	-	-
	<u>(1,360,438)</u>	<u>(638,896)</u>
Changes in working capital components:		
Increase in income tax provision	10,762	1,797
Increase in deferred tax liability	74,620	148,896
Increase/Decrease in advance income tax	1,684	-
Decrease in accounts receivable	-	-
Increase in accounts payable	84,070	(672,750)
Decrease in advance for office rent	978,500	1,236,000
<b>Net cash flow from operating activities</b>	<b><u>(210,802)</u></b>	<b><u>75,047</u></b>
<b>b. Cash flow from investing activities</b>		
Purchase of fixed assets	-	-
<b>Net cash flow from investing activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>c. Cash flow from financing activities</b>		
Increase issue of paid-up capital	-	-
Decrease share money deposit	-	-
Increase share premium	-	-
<b>Net cash flow from financing activities</b>	<b><u>-</u></b>	<b><u>-</u></b>
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	(210,801)	75,047
Cash & bank balance at beginning of the year	352,217	277,170
<b>Cash &amp; bank balance at end of the year</b>	<b><u>141,416</u></b>	<b><u>352,217</u></b>



**Arvind Textile Mills Limited**  
**Notes to the Financial Statements**  
**For the period from 01 April 2016 to 31 March 2017**

**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**

	31.03.2017 Taka	31.03.2016 Taka
Cost:		
Opening balance	41,586,852	41,586,852
Add: Addition during the period	-	-
	<u>41,586,852</u>	<u>41,586,852</u>
Accumulated depreciation:		
Opening balance	25,037,633	20,866,919
Add: Depreciation charged during the year	3,327,663	4,170,713
	<u>28,365,296</u>	<u>25,037,633</u>
Written down value as at 31 March 2017 (A schedule of fixed assets is given in Annexure-A)	<u><b>13,221,557</b></u>	<u><b>16,549,219</b></u>

**4. Cash and bank balances**

Cash in hand	1,126	1,648
Cash at bank (A/C # 05420256920201)	140,290	350,569
	<u><b>141,416</b></u>	<u><b>352,217</b></u>

**5. Advance for office rent**

Opening balance	978,500	2,214,500
Add: Addition paid during the year	-	-
	<u>978,500</u>	<u>2,214,500</u>
Less: Adjusted/ realized during the year	(Note: 6.01) 978,500	1,236,000
	-	978,500
Add: Over adjustment of advance rent	-	-
	<u>-</u>	<u><b>978,500</b></u>

**5.01 Adjusted/realized during the year**

Adjusted of advance office rent

31.03.2017 Taka	31.03.2016 Taka
<u>978,500</u>	<u>1,236,000</u>

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.

**6. Share capital**

Authorized capital:

50,000,000 ordinary shares of Tk.10 each

<u>500,000,000</u>	<u>500,000,000</u>
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Issued, subscribed and paid-up capital:

6,473,200 ordinary shares of Tk.10 each fully paid-up

(Note: 6.01)	<u>64,732,000</u>	<u>64,732,000</u>
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**6.01** Details of shareholdings are as under:Name of the shareholderNo. of share

Arvind Limited.	6,471,800	64,718,000	64,718,000
Mr. Jayesh Kantilal Shah	700	7,000	7,000
Mr. Jagdish Gajanand Dalal	700	7,000	7,000
	<u>6,473,200</u>	<u>64,732,000</u>	<u>64,732,000</u>

**7. Share money deposit**

Opening Balance

Less: Transfer to share capital and share premium on allotment

Add: Share application received during the year

453	453
-	-
453	453
-	-
453	453
<u>453</u>	<u>453</u>

**8. Share premium**

70,000 shares @64.71

250,000 shares @67.70

6,153,200 shares @9.18

4,529,705	4,529,705
16,925,060	16,925,060
56,486,376	56,486,376
<u>77,941,141</u>	<u>77,941,141</u>

**9. 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)	13,221,557	18,014,292	(4,792,736)
Net temporary difference			(4,792,736)
Applicable tax rate			35%
Deferred tax liability			<u>(1,677,457)</u>

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

**9.1 Property, plant & equipment**

Tax base	Balance during the year	Capital allowance	Written down allowance
Office equipment (10%)	661,140	414,371	246,769
Computer equipment (30%)	800,979	685,176	115,803
Office Renovation (10%)	17,640,990	7,737,266	9,903,724
Laundry Renovation (20%)	1,980,480	1,331,516	648,964
Power Supply-Sub Station (20%)	2,843,485	1,720,871	1,122,614
Water Treatment Plant (20%)	2,688,364	1,807,441	880,923
Machinery (20%)	14,501,445	9,598,449	4,902,996
Leaser Room Renovation (20%)	469,969	277,470	192,499
			<u>18,014,292</u>





**10. Accounts payable**

Professional fee

31.03.2017 Taka	31.03.2016 Taka
84,070	-
<b>84,070</b>	<b>-</b>

**11. Provision for current tax**

Turnover/Revenue  
Other income  
Gross receipt  
Income tax (year 2017 @.60%)

1,793,838	2,509,272
-	52,480
<b>1,793,838</b>	<b>2,561,752</b>
10,763	7,685
<b>10,763</b>	<b>7,685</b>

Note: Provision for current tax on the face of the balance sheet includes BDT. 9,482 for last year (AY 2016-17) due to non finalization of Income tax assessment.

**12. Operating expenses**

Office rent  
Depreciation  
Salaries and allowances  
Bank charge  
Professional fee  
Licensing and other Fees  
Membership Fee  
Office Expense  
Income Tax Expense  
Repair and maintenance  
Printing & Stationery  
C & F charges  
Cleaning expense

2016-17 Taka	2015-16 Taka
2,158,040	2,187,436
3,327,663	4,170,713
567,992	737,480
13,248	32,983
84,070	53,034
18,928	166,403
-	24,000
-	17,300
12,772	16,253
74,333	60,207
-	16,806
-	80,732
-	1,500
<b>6,257,045</b>	<b>7,564,847</b>



**Arvind Textile Mills Limited**  
**Schedule of Fixed Assets**  
**For the year ended 31 March 2017.**

Particulars	COST		Rate%	DEPRECIATION		Written down value as of 31.03.2017
	Balance as of 01.04.2016	During the year Addition		Balance as of 01.04.2016	During the year Charged	
Office equipment	661,140	-	20%	444,498	43,328	173,314
Computer equipment (EDP)	800,979	-	33.33%	667,305	44,554	89,120
Office Renovation	17,640,990	-	20%	11,127,082	1,302,782	5,211,126
Laundry Renovation	1,980,480	-	20%	1,169,275	162,241	648,964
Power Supply-Sub Station	2,843,485	-	20%	1,440,218	280,653	1,122,614
Water Treatment Plant	2,688,364	-	20%	1,587,210	220,231	880,923
Machinery	14,501,445	-	20%	8,372,700	1,225,749	4,902,996
Leaser room renovation	469,969	-	20%	229,345	48,125	192,499
<b>As of 31 March 2017</b>	<b>41,586,852</b>	<b>-</b>		<b>25,037,633</b>	<b>3,327,663</b>	<b>13,221,557</b>
<b>As of 31 March 2016</b>	<b>41,586,852</b>	<b>-</b>		<b>20,866,919</b>	<b>4,170,713</b>	<b>16,549,219</b>