

ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
LIMITED REVIEW AUDIT REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

TIBEBE MENGISTU CERTIFIED AUDIT FIRM
CHARTERED CERTIFIED ACCOUNTANTS (UK)
AUTHORIZED AUDITORS (ETH.)
ADDIS ABABA
ETHIOPIA

REPORT ON LIMITED REVIEW OF THE INTERIM FINANCIAL STATEMENTS OF
ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
FOR THE QUARTER ENDED 31 DECEMBER 2024

We have performed a limited review of the accompanying interim financial statements of Arvind Lifestyle Apparel Manufacturing PLC, which comprise the Statement of Financial Position at 31 March 2025 and the related Statement of Profit or Loss and explanatory notes thereto for the year then ended. The Company's directors are responsible for the preparation of these interim financial statements in accordance with International Accounting Standard (IAS) 34. Our responsibility is to express a conclusion on these interim financial statements based on our limited review

Our review was performed in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying certain analytical and other review procedures. A limited review is substantially less in scope than an audit and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

As a result of our limited review, which under no circumstances may be considered to be an audit of financial statements, nothing came to our attention that might cause us to believe that the accompanying interim financial statements for the year ended 31 March 2025 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, for the preparation of interim financial statements.



Tibebe Mengistu Certified audit Firm
Chartered Certified Accountants (UK)
Authorized Auditors (Eth.)



30 April 2025
Addis Ababa
Ethiopia

ARVIND LIFESTYLE APPAREL MANUFACTURING PLC**STATEMENT OF PROFIT OR LOSS****FOR THE YEAR ENDED 31 MARCH 2025**

	<u>Notes</u>	<u>Birr</u>	<u>2024</u> <u>Birr</u>
REVENUE	3	8,074,981	36,751,226
COST OF GOODS SOLD	4	-	60,487,805
GROSS LOSS		8,074,981	(23,736,579)
OTHER INCOME	5	-	8,464,222
EXPENSES		8,074,981	(15,272,356)
Selling and administrative	6	159,918,349	42,737,818
Loss on Disposal of Fixed Assets		20,831,317	-
Loss due to change in foreign currency exchange rate		(113,948,102)	(5,398,083)
		66,801,564	37,339,735
LOSS FOR THE YEAR		(58,726,582)	(52,612,092)



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

			31.03.2024
	Notes	Birr	Birr
NON CURRENT ASSETS			
Property, plant and equipment	2.3a,b,7	47,874,702	84,179,767
Due from related company	8	127,423,704	108,901,704
		<u>175,298,406</u>	<u>193,081,470</u>
CURRENT ASSETS			
Inventories	2.5,9	1,963,599	1,963,599
Trade and other receivables	2.6,10	146,868,353	159,863,972
Cash on hand and at bank	11	<u>31,887,690</u>	<u>36,837,370</u>
		<u>180,719,642</u>	<u>198,664,942</u>
TOTAL ASSETS		<u>356,018,048</u>	<u>391,746,412</u>
CAPITAL AND LIABILITIES			
Paid up capital		1,148,015,300	1,148,015,300
Paid up capital, pending allotments		40	40
Profit and loss account		<u>(881,866,112)</u>	<u>(846,401,090)</u>
		<u>266,149,228</u>	<u>301,614,250</u>
NON CURRENT LIABILITIES			
Due to related parties	2.9,8	<u>42,861,033</u>	<u>53,680,556</u>
CURRENT LIABILITIES			
Trade and other payables	12	46,793,699	36,469,521
Taxes payables	13	<u>214,088</u>	<u>81,755</u>
		<u>47,007,787</u>	<u>36,551,275</u>
TOTAL EQUITIES AND LIABILITIES		<u>356,018,048</u>	<u>391,846,082</u>



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2025

	<u>Paid up</u> <u>Capital</u> <u>Birr</u>	<u>Retained</u> <u>Earning</u> <u>Birr</u>	<u>Total</u> <u>Birr</u>
Balance as at April 1, 2023	1,063,445,000	(886,974,684)	176,470,316
Capital Increment	84,570,300	-	84,570,300
Prior year adjustments	-	99,393,373	99,393,373
Customs Duty Tax	-	(6,207,687)	(6,207,687)
(Loss) for the year	-	(52,612,092)	(52,612,092)
Balance as at March 31, 2024	1,148,015,300	(846,401,090)	301,614,210
Prior year adjustments	-	23,261,560	23,261,560
(Loss) for the year	-	(58,726,582)	(58,726,582)
Balance as at March 31, 2025	1,148,015,300	(881,866,112)	266,149,188



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2025

	<u>Notes</u>	<u>Birr</u>	<u>31.03.2024</u> <u>Birr</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the year		(58,726,582)	(126,112,366)
Prior Year Adjustment		27,394,846	-
Depreciation	7	12,419,070	28,015,395
		(18,912,666)	(98,096,971)
(Increase) in inventory	9	(0)	8,705,160
(Increase) in trade and other receivables	10	12,995,620	(31,548,636)
(Increase) in due from related party		(18,522,000)	(3,937,890)
Increase in trade and other payables	12	10,324,178	1,481,045
(Decrease) in taxes payable	13	132,333	(691,804)
Net cash generated from (used in) operating activities		(13,982,535)	(124,089,095)
CASH FLOW FROM INVESTING ACTIVITIES			
Disposal of PPE		54,623,687	63,763,019
Acquisition of property, plant and equipment	7	-	(72,480)
Net cash generated from (used in) investing activities		54,623,687	63,690,539
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from related party		(10,819,523)	18,151,406
Net cash generated from (used in) financing activities		(10,819,523)	18,151,406
Increase in cash and cash equivalents		29,821,628	(42,247,150)
Cash and cash equivalents at the beginning of the year		1,966,392	44,213,542
Cash and cash equivalents at the end of the year		31,788,020	1,966,392
Represented by:			
Cash on hand and at banks		31,887,690	1,966,392



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1. COMPANY INFORMATION

Arvind Lifestyle Apparel Manufacturing Private Limited Company is registered in Ethiopia under commercial registration certificate no 01/004557/05 from the ministry of trade on August 05,2013. The company was established on July 24,2013 in Ethiopia with authorized share capital of Birr 62,230,000 divided into 62,230 ordinary shares, each having a nominal value of one thousand birr (Birr 1,000).

The principal activities of the company areas manufacturing and exporting of apparels. Arvind Lifestyle Apparel Manufacturing PLC , is engaged in manufacturing and exporting apparels.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements are prepared under the historical cost basis of accounting. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

2.1. REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities.

i) Sales of goods

Sales of goods are recognized in the period in which company has delivered products to the customer, the buyer has got title over the goods dispatched, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.

ii) Sales of services

Sales of services are recognized in the period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

2.2. FOREIGN CURRENCY TRANSLATIONS

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are prepared in Ethiopian Birr which is the Company's functional currency.

Foreign currency transactions are translated into Ethiopian Birr using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss. Foreign currency monetary items are translated using the foreign currency rates published by Ethiopian banks. Foreign exchange differences arising on translations are recognized in the profit or loss and other comprehensive income in the same period. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the profit or loss within 'other income' or 'other expenses'.

2.3. PROPERTY, PLANT AND EQUIPMENT

a) Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged in accordance with Income Tax Proclamation 286/2002, on the straight-line basis for buildings and on the written down value for other assets acquired before July 8, 2016, at the following rates per annum.

	<u>%</u>
Computer and accessories	25
Others fixed assets	20

b) Property, plant and equipment acquired on or after July 8, 2016 are depreciated on a declining balance method on individual assets in accordance with Income Tax Proclamation No. 979/2016, at the following rate per annum:

	<u>%</u>
Computer and accessories	25
Others fixed assets	20

2.4. PREOPERATING EXPENDITURE

Preoperating expenditures are amortized at the rate of 10% per annum. However, starting from July 8, 2016 any preoperating expenditures are amortized by 25% per annum according to proclamation 979/2008.

2.5. INVENTORIES AND GOODS IN TRANSIT

Inventories are stated at the lower of cost and net realizable value. Cost is based on the weighted average method and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2.6. TRADE AND OTHER RECEIVABLES

Trade debtors are amounts due from customers for products sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the profit or loss.

2.7. TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.8. EMPLOYEE BENEFITS

(i) Retirement benefit obligations

The Company makes contributions to a statutory defined contribution pension scheme. The employer and employee make contributions of percentages of the employee's basic salary as determined by the statute.

(i) Other entitlements

The estimated monetary liability for employees' accrued annual leave at the reporting date are recognized as an expense accrual.

2.9. RELATED PARTY BALANCES AND TRANSACTIONS

A party is related to an entity if, inter alia;

(i) directly, or indirectly through one or more intermediaries, the party:

- a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- b) has an interest in the entity that gives it significant influence over the entity; or
- c) has joint control over the entity;

(ii) the party is an associate of the entity.



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

3. REVENUE

Export sales Processing Income
 Local Sales - Accessories
 Sales - Domestic - Trading - Accessories
 Claims - Export Sales - Garments
 Sales - Domestic - Trading - Fabrics

	2024
Birr	Birr
-	33,071,554
6,300,000	-
1,739,130	-
35,851	-
-	3,679,672
8,074,981	36,751,226
-	-
8,074,981	36,751,226

Claim Export sales

4. COST OF GOODS SOLD

Direct materials consumed
 Direct Labour used
 Processing charges
 Overhead cost('a' below)

-	3,818,002
-	5,294,396
-	539,260
-	50,836,147
-	60,487,805

Overhead costs

Factory rent
 Depreciation
 Car rent for factory workers
 Canteen
 Utility
 Worker Welfare Exp
 Repair and maintenance
 Medical
 Insurance

-	27,390,772
-	16,536,939
-	2,416,900
-	151,398
-	3,604,879
-	22,252
-	124,287
-	10,004
-	578,716
-	50,836,147

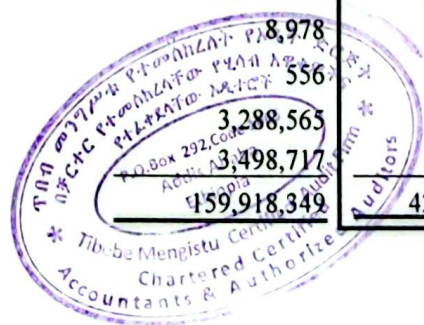


ARVIND LIFESTYLE APPAREL MANUFACTURING PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2025****5. OTHER INCOME**

		<u>2024</u>
	<u>Birr</u>	<u>Birr</u>
Sales of scrap materials	-	8,464,222
Gain on disposal of fixed asset	-	-
	-	8,464,222

6. SELLING AND ADMINISTRATIVE EXPENSES

Salary and benefits	12,995,390	19,967,748
Office supplies and stationary	24,059	34,374
Cleaning and sanitation	120,788	239,161
Travel, per diem and accommodation	6,185,506	1,496,275
Direct Labour used	2,408,071	-
Interest expenses	5,901,214	2,057,177
Residence rent	664,869	3,319,775
Repair and maintenance	6,709,687	942,481
Security service	(245,029)	592,381
Communication	175,439	320,705
Insurance	850,352	311,961
Bank service charge	4,045,651	1,275,975
License and registration	1,659,242	320,351
Professional fee	5,565,114	1,658,504
Export cost	5,416,399	4,587,901
Factory rent	78,455,631	-
DHL service charge	67,291	336,742
IPDC Management fee	2,422,514	922,376
Loading and unloading	777,600	59,350
Guest house meal	1,182,398	582,687
Utility	548,557	
Entertainment	86,546	58,301
Rejected VAT	4,685,173	64,346
Depreciation	12,419,070	3,058,471
Medical	8,978	-
Penalty	556	10,500
Customs duty expense	3,288,565	164,488
Miscellaneous	3,498,717	355,789
	<u>159,918,349</u>	<u>42,737,818</u>



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2025****7. PROPERTY, PLANT AND EQUIPMENT**

	<u>Balance at</u> <u>31.03.2024</u>	<u>Addition</u>	<u>Disposal/Transfer</u>	<u>Balance at</u> <u>31.03.2025</u>
	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>	<u>Birr</u>
COST				
Building	8,843,225	-	-	8,843,225
Plant and Machinery	152,617,696	-	(99,070,280)	53,547,416
Motor vehicles	5,888,102	-	-	5,888,102
Furniture, Fixture and Equipment	23,608,918	-	-	23,608,918
Computer and Related	12,410,966	-	-	12,410,966
	<u>203,368,907</u>	<u>-</u>	<u>(99,070,280)</u>	<u>104,298,627</u>
DEPRECIATION				
Building	3,638,321	442,161	-	4,080,482
Plant and Machinery	84,700,533	9,746,630	(75,184,284)	19,262,879
Motor vehicles	4,344,040	293,283	-	4,637,322
Computer and Related	9,111,110	763,705	-	9,874,815
Furniture, Fixture and Equipment	17,395,136	1,173,291	-	18,568,427
	<u>119,189,140</u>	<u>12,419,070</u>	<u>(75,184,284)</u>	<u>56,423,925</u>
SUB NET BOOK VALUE	<u>84,179,767</u>			<u>47,874,702</u>

8. RELATED PARTIES

Related parties with which the Company has had transactions during the year were as follows:

Amount from to related party:-**Arvind Envisol Limited**

The Company has given interest free loans of USD 300,000 and ETB 1,000,000 to Arvind Envisol Limited.

ARVIND ENVISOL PLC

The Company has given loan to Arvind Limited USD 2,397,000 and ETB 5,220,511. The loan bears an interest rate of 0%.

Arvind Envisol Limited

Arvind Envisol Plc

Birr

22,525,760

104,897,944

127,423,704

31.03.2024

Birr

11,455,760

97,445,944

108,901,704

Amount due to related party:-

The Company has obtained from Arvind Limited USD 2,650,000. The loan bears an interest rate of 6.2% per annum and capitalized First of April every year.

ARVIND LIMITED

42,861,033

53,680,556

ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

9. INVENTORY

		31.03.2024
	<u>Birr</u>	<u>Birr</u>
Finished goods	-	2,001,256
Raw material	18,520,259	18,520,259
Spare parts, chemicals and consumables	2,593,675	2,593,675
Accessories	14,967,619	14,967,619
	36,081,554	38,082,810
Less: provision for stock obsolescence	(34,117,955)	(36,119,211)
	<u>1,963,599</u>	<u>1,963,599</u>

10. TRADE AND OTHER RECEIVABLES

Trade receivable	123,094,378	135,558,854
Advance payment	16,168,899	7,852,960
Prepaid Expense	325,244	146,143
Withholding tax receivable	608,186	573,403
VAT receivable	6,671,646	15,732,613
	<u>146,868,353</u>	<u>159,863,972</u>

11. CASH AND BANK BALANCES

Cash and cash equivalents comprise cash on hand, cash with banks and other short-term highly liquid investments, if any, with original maturities of three months or less and are available to the company without any restriction.

Cash at bank	31,779,592	36,103,372
Cash on hand	108,098	733,998
	<u>31,887,690</u>	<u>36,837,370</u>



ARVIND LIFESTYLE APPAREL MANUFACTURING PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

12. TRADE AND OTHER PAYABLES

Trade creditors
Salary and wage payable
Accruals

		31.03.2024
	Birr	Birr
	9,498,450	11,842,467
	5,079,303	13,395,128
	32,215,945	11,231,926
	<u>46,793,699</u>	<u>36,469,521</u>

13. TAX PAYABLES

Personal income tax payable
Pension fund payable
Withholding tax payables

	51,121	51,985
	23,688	24,678
	<u>139,279</u>	<u>5,092</u>
	<u>214,088</u>	<u>81,755</u>

14. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the Current year.

