

# Arvind Textile Mills Limited

## Financial Statements For the year ended 31 March 2015



**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 2015, 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 2015, 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  
30 April 2015

  
**ACNABIN**  
Chartered Accountants

**Arvind Textile Mills Limited**  
**Balance Sheet**  
**As at 31 March 2015**

	Notes	31.03.15 Taka	31.03.14 Taka
<b>Assets</b>			
<b>Non current assets</b>			
Fixed assets at WDV	3	20,719,933	24,914,542
<b>Current assets:</b>			
Cash and bank balances	4	277,170	670,347
Accounts receivable	5	-	2,669,215
Advance for office rent	6	2,214,500	3,450,500
Advance income tax		12,772	-
<b>Total asset</b>		<b>23,224,375</b>	<b>31,704,603</b>
<b>Equities &amp; liabilities</b>			
<b>Equity and reserve:</b>			
Paid up capital	7	64,732,000	3,200,000
Share money deposit	8	453	118,018,829
Share premium	9	77,941,141	21,454,765
Retained earnings		(121,583,595)	(110,968,990)
<b>Non current liabilities</b>			
Deferred tax	10	1,453,941	-
<b>Current liability</b>			
Accounts payable	11	672,750	-
Provision for current tax	12	7,685	-
<b>Total equity and liability</b>		<b>23,224,375</b>	<b>31,704,603</b>

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



**Director**  
(Jayesh Shah)



**Director**  
(Jagdish Dalal)

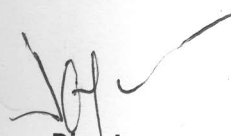
Dhaka  
30 April 2015



**Arvind Textile Mills Limited**  
**Profit and Loss Account**  
**For the year ended 31 March 2015**

	<b>Note</b>	<b>2014-15 Taka</b>	<b>2013-14 Taka</b>
Turnover/Revenue		2,509,272	-
Cost of sales		681,595	-
<b>Gross Profit</b>		<b>1,827,677</b>	<b>-</b>
Add: Other income		52,480	67,000
Exchange gain/(loss)	13	-	1,065
		<b>1,880,157</b>	<b>68,065</b>
Less: Operating expenses:	14	11,033,135	10,191,949
<b>Profit before income tax</b>		<b>(9,152,979)</b>	<b>(10,123,883)</b>
Less: Income tax			
Deferred tax		1,453,941	-
Current tax		7,685	-
<b>Net profit after tax</b>		<b>(10,614,605)</b>	<b>(10,123,883)</b>
Add: Accumulated loss, brought forward		(110,968,990)	(100,845,107)
<b>Accumulated (Loss) transferred to balance sheet</b>		<b>(121,583,595)</b>	<b>(110,968,990)</b>

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

  
**Director**  
(Jayesh Shah)

  
**Director**  
(Jagdish Dalal)

Dhaka,  
30 April 2015



**Arvind Textile Mills Limited**  
**Statement of changes in equity**  
**For the year ended 31 March 2015**

Particulars	Paid-up Capital	Share Premium	Share Money Deposit	Accumulated Profit/(Loss)	Total
Balance as at 31 March 2014	3,200,000	21,454,765	118,018,829	(110,968,990)	31,704,603
Addition during the year	61,532,000	56,486,376	(118,018,376)	(10,614,605)	(10,614,605)
Balance as at 31 March 2015	<b>64,732,000</b>	<b>77,941,141</b>	<b>453</b>	<b>(121,583,595)</b>	<b>21,089,999</b>

  
Director  
(Jayesh Shah)

  
Director  
(Jagdish Dalal)

**Arvind Textile Mills Limited**
**Statement of Cash Flows**  
**For the year ended 31 March 2015**

	2014-15 Taka	2013-14 Taka
<b>a. Cash flow from operating activities</b>		
Net loss	(10,614,605)	(10,123,883)
Adjustment for items not involving movement of cash:		
Depreciation	5,230,094	6,303,797
(Gain)/loss on sale of fixed assets	-	-
Tax paid	-	-
	<u>(5,384,511)</u>	<u>(3,820,086)</u>
Changes in working capital components:		
Increase in income tax provision	7,685	-
Increase in deferred tax liability	1,453,941	-
Increase in advance income tax	(12,772)	-
Decrease in accounts receivable	2,669,215	-
Increase in accounts payable	672,750	-
Decrease in advance for office rent	1,236,000	1,236,000
<b>Net cash flow from operating activities</b>	<b><u>642,308</u></b>	<b><u>(2,584,086)</u></b>
<b>b. Cash flow from investing activities</b>		
Purchase of fixed assets	(1,035,485)	(2,315,217)
<b>Net cash flow from investing activities</b>	<b><u>(1,035,485)</u></b>	<b><u>(2,315,217)</u></b>
<b>c. Cash flow from financing activities</b>		
Increase issue of paid up capital	61,532,000	-
Decrease share money deposit	(118,018,376)	3,790,891
Increase share premium	56,486,376	-
<b>Net cash flow from financing activities</b>	<b><u>-</u></b>	<b><u>3,790,891</u></b>
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	(393,177)	(1,108,412)
Cash & bank balance at beginning of the year	670,347	1,778,759
<b>Cash &amp; bank balance at end of the year</b>	<b><u>277,170</u></b>	<b><u>670,347</u></b>



**Arvind Textile Mills Limited**

**Notes to the Financial Statements  
For the period from 01 April 2014 to 31 March 2015**

**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.

<b>Name of fixed assets</b>	<b>Rate (%)</b>
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".



	<b>31.03.2015</b> <b>Taka</b>	<b>31.03.2014</b> <b>Taka</b>
<b>3. Fixed assets</b>		
Cost:		
Opening balance	40,551,367	38,236,151
Add: Addition during the period	1,035,485	2,315,217
	<u>41,586,852</u>	<u>40,551,367</u>
Accumulated depreciation:		
Opening balance	15,636,825	9,333,028
Add: Depreciation charged during the year	5,230,094	6,303,797
	<u>20,866,919</u>	<u>15,636,825</u>
Written down value as at 31 March 2015 (A schedule of fixed assets is given in Annexure-A)	<u><b>20,719,933</b></u>	<u><b>24,914,542</b></u>
<b>4. Cash and bank balances</b>		
Cash in hand	53,961	19,854
Cash at bank (A/C # 05420256920201)	223,209	650,493
	<u><b>277,170</b></u>	<u><b>670,347</b></u>
<b>5. Accounts receivable</b>		
Opening balance	2,669,215	2,669,215
Add: Addition during the year	-	-
	<u>2,669,215</u>	<u>2,669,215</u>
Less: Written off as bad debts	2,669,215	-
	<u>-</u>	<u><b>2,669,215</b></u>
<b>6. Advance for office rent</b>		
Opening balance	3,450,500	4,686,500
Add: Addition paid during the year	-	-
	<u>3,450,500</u>	<u>4,686,500</u>
Less: Adjusted/ realized during the year	1,236,000	1,236,000
(Note: 6.01)	<u>2,214,500</u>	<u>3,450,500</u>
Add: Over adjustment of advance rent	-	-
	<u><b>2,214,500</b></u>	<u><b>3,450,500</b></u>
<b>6.01 Adjusted/ realized during the year</b>		
Adjusted of advance office rent	<u><b>1,236,000</b></u>	<u><b>1,236,000</b></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.		
<b>7. Share capital</b>		
Authorized capital: 50,000,000 ordinary shares of Tk.10 each	<u><b>500,000,000</b></u>	<u><b>500,000,000</b></u>
Issued, subscribed and paid-up capital: 6,473,200 ordinary shares of Tk.10 each fully paid-up	<u><b>64,732,000</b></u>	<u><b>3,200,000</b></u>
(Note: 7.01)		
<b>7.01 Details of shareholdings are as under:</b>		
	<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
	<u><b>6,473,200</b></u>	<u><b>64,732,000</b></u>
		<u><b>3,200,000</b></u>





**8. Share money deposit**

Opening Balance	118,018,829	114,227,938
Less: Transfer to share capital and share premium on allotment	<u>118,018,376</u>	-
	453	114,227,938
Add: Share application received during the year	-	<u>4,045,853</u>
	453	118,273,791
Less: Refund of share money deposit	-	<u>254,962</u>
	<u><b>453</b></u>	<u><b>118,018,829</b></u>

**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	<u>56,486,376</u>	-
	<u><b>77,941,141</b></u>	<u><b>21,454,765</b></u>

**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 11.1.

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)	20,719,933	24,874,050	<u>(4,154,116)</u>
Net temporary difference			<u>(4,154,116)</u>
Applicable tax rate			35%
Deferred tax liability			<u><b>(1,453,941)</b></u>

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	356,487	304,653
Computer equipment (30%)	800,979	564,646	236,333
Office Renovation (10%)	17,640,990	5,414,171	12,226,819
Laundry Renovation (20%)	1,980,480	966,474	1,014,006
Power Supply-Sub Station (20%)	2,843,485	1,089,401	1,754,084
Water Treatment Plant (20%)	2,688,364	1,311,922	1,376,442
Machinery (20%)	14,501,445	6,840,514	7,660,932
Leaser Room Renovation (20%)	469,969	169,189	300,780
			<u><b>24,874,050</b></u>

**11. Accounts payable**

Denim solutions limited	298,300	-
Mazumder chemicals	286,700	-
Professional fee	<u>87,750</u>	-
	<u><b>672,750</b></u>	-

**12. Provision for current tax**

Turnover/Revenue	2,509,272	-
Other income	<u>52,480</u>	-
Gross receipt	<u>2,561,752</u>	-
Income tax (year 2015 @.30%)	<u>7,685</u>	-
	<u><b>7,685</b></u>	-



**13. Exchange gain/(loss)**

Foreign exchange gain/loss arose during the prior years out of transactions/balances in the Off-shore Banking Unit (OBU) account of the company. The OBU account was closed during the previous year on 30/6/2013. As a result there is no such exchange gain/loss during the current year, though there was an exchange gain in the previous year.

**14. Operating expenses**

Office rent	2,128,988	1,914,780
Depreciation	5,230,094	6,303,797
Bad debts expense	2,669,215	-
Salaries and allowances	797,535	965,640
Bank charge	13,217	11,860
Professional fee	87,750	313,421
Licensing and other Fees	49,520	47,060
Membership Fee	40,000	10,000
VAT expenses	16,477	-
Repair and maintenance	340	161,865
Miscellaneous expenses	-	19,000
Insurance expense	-	149,400
C & F charges	-	135,750
ETP chemical	-	159,375
	<b><u>11,033,135</u></b>	<b><u>10,191,949</u></b>



Arvind Textile Mills Limited  
Schedule of Fixed Assets  
For the year ended 31 March 2015

Particulars	COST			Rate%	DEPRECIATION			Written down value as of 31.03.2015	
	Balance as of 01.04.2015	During the year Addition	Balance as of 31.03.2015		Balance as of 01.04.2015	During the year			Balance as of 31.03.2015
						Charged			
Office equipment	661,140	-	661,140	322,636	67,701	390,337	270,803		
Computer equipment (EDP)	800,979	-	800,979	500,242	100,236	600,478	200,501		
Office Renovation	17,640,990	-	17,640,990	7,463,008	2,035,596	9,498,605	8,142,385		
Laundry Renovation	1,980,480	-	1,980,480	712,973	253,501	966,474	1,014,006		
Power Supply-Sub Station	1,808,000	1,035,485	2,843,485	650,880	438,521	1,089,401	1,754,084		
Water Treatment Plant	2,688,364	-	2,688,364	967,811	344,111	1,311,922	1,376,442		
Machinery	14,501,445	-	14,501,445	4,925,281	1,915,233	6,840,514	7,660,932		
Leaser room renovation	469,969	-	469,969	93,994	75,195	169,189	300,780		
<b>As of 31 March 2015</b>	<b>40,551,367</b>	<b>1,035,485</b>	<b>41,586,852</b>	<b>15,636,825</b>	<b>5,230,094</b>	<b>20,866,919</b>	<b>20,719,933</b>		
<b>As of 31 March 2014</b>	<b>38,236,151</b>	<b>2,315,217</b>	<b>40,551,367</b>	<b>9,333,028</b>	<b>6,303,797</b>	<b>15,636,825</b>	<b>24,914,542</b>		