

ARVIND ENVISOL PRIVATE LIMITED COMPANY

**AUDITORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2022**

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**AUDITORS' REPORT TO THE SHAREHOLDERS OF
ARVIND ENVISOL PRIVATE LIMITED COMPANY**

Unqualified opinion

We have audited the accompanying financial statements of ARVIND ENVISOL PRIVATE LIMITED COMPANY, which comprise the balance sheet as of 31 March 2022, the Income Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ARVIND ENVISOL PRIVATE LIMITED COMPANY as at 31 March 2022 and of its financial performance for the year then ended in accordance with Generally Accepted Accounting Standards and the relevant provision of the Commercial Code of Ethiopia.

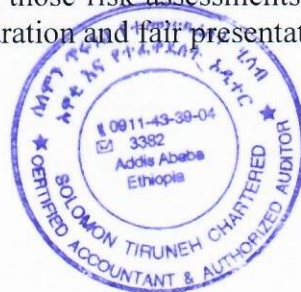
Managements' Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principle. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial statements.



Addis Ababa
18 April 2022

Solomon Tiruneh
Chartered Certified Accountants and authorized auditors

Arvind Envisol Private Limited Company
Balance Sheet
As at 31 March 2022

Currency: Ethiopian Birr

Assets	Notes	31-Mar-22	31-Mar-21
Non-Current Assets			
Fixed Assets	2a,3	616,693	725,521
Current Assets			
Trade and other receivable	4	26,235,103	27,295,079
Advance to Sub contractor/ Supplier		17,984,658	18,449,292
Cash and balances	5	680,789	1,522,903
Goods in Transit		-	3,151,860
Other Financial Assets - Unbilled receivable		80,879,226	106,905,440
Withholding Tax Receivable		7,026,592	6,590,649
		<u>132,806,368</u>	<u>163,915,222</u>
Total Assets		<u><u>133,423,061</u></u>	<u><u>164,640,743</u></u>
Equity And Liability			
Capital And Reserves			
Paid up capital	8	4,600,000	4,600,000
Legal reserve	9	-	-
Profit and loss	10	<u>(69,321,238)</u>	<u>(45,117,098)</u>
		<u>(64,721,238)</u>	<u>(40,517,098)</u>
Non-Current Liabilities			
Term loan		-	-
Current Liabilities			
Creditors and accrual	6	61,426,119	59,631,177
Inter-company deposits- short term borrowings		88,445,944	88,445,944
Related party Transaction	7	48,272,237	57,080,721
Profit tax payable	10	-	-
		<u>198,144,299</u>	<u>205,157,841</u>
Total Equity And Liabilities		<u><u>133,423,061</u></u>	<u><u>164,640,743</u></u>

The financial statements were approved and authorized for issue by the management on 18 April 2022 and were signed on its behalf by

Mr. Lalitkumar Khatumál
 General Manager

Mr. Kamal Grover
 Chief Manager-Finance



Arvind Envisol Private Limited Company
Statement of Profit & Loss account
For the Year ending 31 March, 2022

Currency: Ethiopian Birr			
	Note	31-Mar-22	31-Mar-21
Revenue	11	7,022,344	3,896,493
Cost of Construction	12	15,537,164	2,133,290
Gross Profit		(8,514,820)	1,763,203
Other Income	11	(10,380,068)	(4,311,019)
		(18,894,888)	(2,547,816)
Expense			
General & Administration	13	5,309,252	22,743,202
Finance Cost		-	1,921,815
Net Profit For The Year		(24,204,140)	(27,212,833)
Provision For Profit Tax	10	-	-
Net Profit After Tax		(24,204,140)	(27,212,833)



Arvind Envisol Private Limited Company
Statement of Cash Flow
For the Year ending 31 March, 2022

Currency: Ethiopian Birr

	31-Mar-22	31-Mar-21
Cash flow from operating activities		
Profit/loss before Tax	(24,204,140)	(27,212,833)
Adjusted for :		
Depreciation & amortisation	108,828	128,033
Taxation Expenses	(435,943)	-
Decrease /increase in inventory	3,151,860	(1,772,692)
Decrease/increase in debtors and other receivables	1,059,976	7,447,443
Decrease/increase in Advance to Sub contractor/ Supplier	464,633	(5,533,761)
Decrease/increase in Prepaid Expenses	-	36,441
Decrease/increase in Other financial assets	26,026,214	14,802,503
Related party balance	(8,808,484)	49,722,334
Increase/decrease in creditors and other payables	1,794,942	(58,089,207)
Increase/decrease in inter company deposits		16,931,532
Cash used in operating activities	(842,114)	(3,540,208)
Investing activities		
Property plant and Equipment	-	-
Net cash used in investing activities	-	-
Financing activities		
Share holder Account		-
Bank loan	-	(45,603,900)
Loan repayment		-
Net cash used in financing activities	-	(45,603,900)
Increase(decrease) in cash and cash equivalent	(842,115)	(49,144,108)
Cash and cash equivalents - Beginning	1,522,903	50,667,011
Cash and cash equivalent at 31-March-2022	680,789	1,522,903



Arvind Envisol Private Limited Company
Statement of Changes in Shareholders Equity
For The Year Ending 31 March 2022

Particulars	Paid up capital	Application Money	Legal reserve	Profit and loss	Total
Balance at 01 April 2021	4,600,000		-	(45,117,098)	(40,517,098)
Adjustment/Transfer					-
Net profit for the year	-	-	-	(24,204,140)	(24,204,140)
Balance at 31 March 2022	4,600,000	-	-	(69,321,238)	(64,721,238)



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

Currency: Ethiopian Birr

1 ESTABLISHMENT

ARVIND ENVISOL PLC(ETHIOPIA) was established on 6 July 2017 by two Indian Companies namely , ARVIND ENVISOL LIMITED and ARVIND BRANDS & RETAIL LIMITED with initial capital of ETB 4.6 million. Its business objective is to carry out effluent treatment and disposal solutions.

The Company's Head Office is located in Addis Ababa Bole subcity, Woreda 05, House number 392/A

2 ACCOUNTING POLICIES

The principal accounting policies adopted by the company are stated below:

a) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in accordance with reducing balance method of deprecation at the following rates and for building depreciation is calculated on cost at the straight line method

	%
Office equipment	15%
Furniture and Equipment	15%
Computer and accessories	15%
Machinery and fiel equipment	15%
Motor vehicles	15%

b) Stock is valued at cost on a moving average method.



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

Currency: Ethiopian Birr

3 FIXED ASSETS

	<u>Balance at</u> <u>01/04/2021</u>	<u>Addition</u>	<u>Adj/Rec</u>	<u>Balance at</u> <u>31/03/2022</u>
COST				
Furniture and Fixture	317,218	-	-	317,218
Disegel Generator Set 5kv	216,741	-	-	216,741
Guest House - Equipment	353,129	-	-	353,129
Machine - Cash Register Machine	5,086	-	-	5,086
Machinery - Lifting Equipment	281,000	-	-	281,000
Office Equipment	13,811	-	-	13,811
	<u>1,186,985</u>	<u>-</u>	<u>-</u>	<u>1,186,985</u>
DEPRECIATION				
Furniture and Fixture	128,783	28,265	-	157,048
Disegel Generator Set 5kv	77,558	20,877	-	98,435
Guest House - Equipment	140,180	31,942	-	172,122
Machine - Cash Register Machine	2,081	451	-	2,532
Machinery - Lifting Equipment	108,433	25,885	-	134,318
Office Equipment	4,429	1,407	-	5,836
	<u>461,464</u>	<u>108,828</u>	<u>-</u>	<u>570,291</u>
NET BOOK VALUE	<u>725,521</u>			<u>616,693</u>



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending March 31, 2022

	31-Mar-22	31-Mar-21
4 Trade and Other Receivable		
Retention receivable	20,919,987	19,871,015
Deposit receivable	63,000	63,000
VAT receivable	5,252,116	7,361,063
	<u><u>26,235,103</u></u>	<u><u>27,295,079</u></u>
5 Cash and Bank Balances		
Cash on hand	56,108	126,507
Cash at bank	624,681	1,396,396
	<u><u>680,789</u></u>	<u><u>1,522,903</u></u>
6 Creditors and Accruals		
Duties and taxes	15,109	91,276
Retention payable	18,768,661	19,154,163
Accruals	42,642,348	39,759,862
Mobilization Advance from Clients	-	625,877
	<u><u>61,426,119</u></u>	<u><u>59,631,177</u></u>
7 Related Party Transactions		
Arvind Envisol Ltd - Ethiopia Branch	(5,497,000)	13,713,000
Arvind Envisol Ltd - India	53,769,237	43,367,721
	<u><u>48,272,237</u></u>	<u><u>57,080,721</u></u>



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending March 31, 2022

8 Paid up Capital

Initially the company was established with a paid up capital of Birr 4,600,000.

Name	Number of shares last year	Number of shares after transfer this year	Par value	Total value
Arvind Envisol Ltd	4,554.00	4,554.00	1,000.00	4,554,000.00
Arvind Brand & Retail Ltd	46.00	46.00	1,000.00	46,000.00
	4,600.00	4,600.00		4,600,000.00

9 Legal Reserve

It represents a transfer of 5 % of the Company's net profit, from each year, until it amounts to one tenth of the company's capital in compliance with the requirements of the Commercial Code of Ethiopia.

	31-Mar-22	31-Mar-21
10 Provision for Profit Tax		
Profit before taxation	(24,204,140)	(27,212,833)
Less: loss brought forward from previous years		
Add: Non allowable expenses		
Guest house expenses	2,066,727	2,111,137
Entertainment	-	-
Penalty	1,000	5,102
Welfare Expenses	44,433	57,363
Other disallowed expenses		
	2,112,160	2,173,602
Less: Income taxed at source	-	-
Taxable profit	(22,091,980)	(25,039,231)
Loss Brought forward from year ended March 31, 2021	(45,117,098)	(17,904,265)
Total loss to be set off against current year profit	(29,323,881)	(4,284,650)
Total loss to be set off against future profit	(51,415,861)	(29,323,881)
Total Profit	-	-
Provision for tax	-	-
Accumulated profit or loss	(69,321,238)	(45,117,098)



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending March 31, 2022

11 Income	31-Mar-22	31-Mar-21
Construction Income	7,022,344	3,896,493
Other income	(10,380,068)	(4,311,019)
	<u>(3,357,724)</u>	<u>(414,526)</u>
12 Cost of Construction	31-Mar-22	31-Mar-21
Construction and Related cost	15,490,039	2,077,849
Depreciation	47,125	55,441
	<u>15,537,164</u>	<u>2,133,290</u>
13 General and Administrative	31-Mar-22	31-Mar-21
Bank charge	1,066	481
Car rent expense	737,150	2,090,700
Communication expense	77,536	192,090
Custom Clearing Charges	82,472	5,030
Depreciation	61,703	72,592
Fuel and lubricants expense	195,950	361,040
Guest House Expenses	2,066,727	2,111,137
License & registration expenses	8,602	58,905
Medical Expenses	101,274	168,553
Miscellaneous expense	6,908	6,684
Office expenses	114,329	150,813
Office Rent	331,296	415,687
Penalty	1,000	5,102
Printing and Stationary Expenses	53,596	64,504
Professional fee	50,820	455,528
Salary & benefit	927,687	2,091,334
Travel Expense	446,704	343,576
Utilities	-	110,550
Other Expenses	-	13,981,532
Welfare Expenses	44,433	57,363
	<u>5,309,252</u>	<u>22,743,202</u>

