

**ARVIND ENVISOL PRIVATE
LIMITED COMPANY**

**AUDITORS REPORT AND ACCOUNTS
FOR THE YEAR ENDED MARCH 31, 2023**

Solomon Tiruneh & Co.
Chartered Certified Accountants and Authorized Auditor
Meskel Flower Road Near Dream Liner Hotel
Workae Assefa Building 2nd Floor
Tel +251- 0911 433904
E mail soltir2000@yahoo.com
P.O.Box 3382
Addis Ababa
Ethiopia

ስለሞን ጥሩነህ እና ንዶቹ
Solomon Tiruneh & Co.
Chartered Certified Accountants and Authorized Auditor

Tel +251- 0911 433904
P.O.Box 3382
Addis Ababa
Ethiopia

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 2023, 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 2023 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
29 April 2023

Solomon Tiruneh
Chartered Certified Accountants and authorized auditors




Arvind Envisol Private Limited Company
Balance Sheet
As at 31st March 2023

Currency: Ethiopian Birr

Assets	Notes	31-Mar-23	31-Mar-22
Non-Current Assets			
Fixed Assets	2a,3	524,189	616,693
Current Assets			
Trade and other receivable	4	27,193,361	26,235,103
Advance to Sub contractor/ Supplier		19,095,950	17,984,658
Cash and balances	5	680,821	680,789
Prepaid Expenses		201,853	-
Other Financial Assets - Unbilled receivable		80,879,226	80,879,226
Provision for Doubtful Debts		(101,799,214)	-
Withholding Tax Receivable		7,026,592	7,026,592
		<u>33,278,590</u>	<u>132,806,368</u>
Total Assets		<u><u>33,802,779</u></u>	<u><u>133,423,061</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	(190,188,075)	(69,321,238)
		<u>(185,588,075)</u>	<u>(64,721,238)</u>
Non-Current Liabilities			
Term loan		-	-
Current Liabilities			
Creditors and accrual	6	64,646,521	61,426,119
Inter-company deposits- short term borrowings		85,445,944	88,445,944
Related party Transaction	7	69,298,389	48,272,237
Profit tax payable	10	-	-
		<u>219,390,854</u>	<u>198,144,299</u>
Total Equity And Liabilities		<u><u>33,802,779</u></u>	<u><u>133,423,061</u></u>

The financial statements were approved and authorized for issue by the management on 28 April 2023 and were signed on its behalf by

Mr. Lalit Kewalramani
General Manager


Mr. Debasis Bit
Authorized Signatory



Arvind Envisol Private Limited Company
Statement of Profit & Loss account
For the Year ending 31st March 2023

Currency: Ethiopian Birr

	Note	31-Mar-23	31-Mar-22
Revenue	11	-	7,022,344
Cost of Construction	12	9,597,551	15,537,164
Gross Profit		(9,597,551)	(8,514,820)
Other Income	11	(3,074,869)	(10,380,068)
		(12,672,420)	(18,894,888)
Expense			
General & Administration	13	108,191,187	5,309,252
Finance Cost		3,229	-
Net Profit For The Year		(120,866,836)	(24,204,140)
Net Profit After Tax		(120,866,836)	(24,204,140)
Provision For Profit Tax	10	-	-
Net Profit After Tax		(120,866,836)	(24,204,140)



Arvind Envisol Private Limited Company
Statement of Cash Flow
For the Year ending 31st March 2023

Currency: Ethiopian Birr

	31-Mar-23	31-Mar-22
Cash flow from operating activities		
Profit/loss before Tax	(120,866,836)	(24,204,140)
Adjusted for :		
Depreciation & amortisation	92,504	108,828
Taxation Expenses	-	(435,943)
Decrease /increase in inventory	-	3,151,860
Decrease/increase in debtors and other receivables	(958,258)	1,059,976
Decrease/increase in Provision for Doubtful Debts	101,799,214	-
Decrease/increase in Advance to Sub contractor/ Supplier	(1,111,292)	464,633
Decrease/increase in Prepaid Expenses	(201,853)	-
Decrease/increase in Other financial assets	-	26,026,214
Related party balance	21,026,152	(8,808,484)
Increase/decrease in creditors and other payables	3,220,403	1,794,942
Increase/decrease in inter company deposits	(3,000,000)	-
Cash used in operating activities	32	(842,114)
Investing activities		
Property plant and Equipment	-	-
Net cash used in investing activities	-	-
Financing activities		
Share holder Account	-	-
Bank loan	-	-
Loan repayment	-	-
Net cash used in financing activities	-	-
Increase(decrease) in cash and cash equivalent	31	(842,114)
Cash and cash equivalents - Beginning	680,789	1,522,903
Cash and cash equivalent at 31-March-2023	680,821	680,789



Arvind Envisol Private Limited Company
Statement of Changes in Shareholders Equity
For the Year ending 31st March 2023

Particulars	Paid up capital	Application Money	Legal reserve	Profit and loss	Total
Opening Balance as on 1 st April 2022	4,600,000	-	-	(69,321,238)	(64,721,238)
Adjustment/Transfer					-
Net profit for the year	-	-	-	(120,866,836)	(120,866,836)
Closing Balance as on 31 st March 2023	4,600,000	-	-	(190,188,075)	(185,588,075)



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2023

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 31st MARCH 2023

Currency: Ethiopian Birr

3 FIXED ASSETS

	<u>Balance at</u> <u>01/04/2022</u>	<u>Addition</u>	<u>Adj/Rec</u>	<u>Balance at</u> <u>31/03/2023</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	157,048	24,025	-	181,074
Disegel Generator Set 5kv	98,435	17,746	-	116,181
Guest House - Equipment	172,122	27,151	-	199,273
Machine - Cash Register Machine	2,532	383	-	2,915
Machinery - Lifting Equipment	134,318	22,002	-	156,320
Office Equipment	5,836	1,196	-	7,033
	<u>570,292</u>	<u>92,504</u>	<u>-</u>	<u>662,795</u>
NET BOOK VALUE	<u>616,693</u>			<u>524,189</u>



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending 31st March 2023

	31-Mar-23	31-Mar-22
4 Trade and Other Receivable		
Retention receivable	20,919,987	20,919,987
Deposit receivable	63,000	63,000
VAT receivable	6,210,374	5,252,116
	<u>27,193,361</u>	<u>26,235,103</u>
5 Cash and Bank Balances	31-Mar-23	31-Mar-22
Cash on hand	91,970	56,108
Cash at bank	588,851	624,681
	<u>680,821</u>	<u>680,789</u>
6 Creditors and Accruals	31-Mar-23	31-Mar-22
Duties and taxes	7,105	15,109
Retention payable	18,684,860	18,768,661
Accruals	45,954,556	42,642,348
Mobilization Advance from Clients	-	-
	<u>64,646,521</u>	<u>61,426,119</u>
7 Related Party Transactions	31-Mar-23	31-Mar-22
Arvind Envisol Ltd - Ethiopia Branch	12,453,930	(5,497,000)
Arvind Envisol Ltd - India	56,844,459	53,769,237
	<u>69,298,389</u>	<u>48,272,237</u>



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending 31st March 2023

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-23	31-Mar-22
10 Provision for Profit Tax		
Profit before taxation	(120,866,836)	(24,204,140)
Less: loss brought forward from previous years		
Add: Non allowable expenses		
Guest house expenses	2,724,737	2,066,727
Entertainment	-	-
Penalty	98,741	1,000
Bad debt expense	101,799,214	-
Welfare Expenses	55,428	44,433
Other disallowed expenses	766,369	-
	105,444,488	2,112,160
Less: Income taxed at source	-	-
Taxable profit	(15,422,349)	(22,091,980)
Loss Brought forward from the year ended March 31, 2022	(69,321,238)	(45,117,098)
Total loss to be set off against current year profit	(51,415,861)	(29,323,881)
Total loss to be set off against future profit	(66,838,210)	(51,415,861)
Total Profit	-	-
Provision for tax	-	-
Accumulated profit or loss	(190,188,074)	(69,321,238)



Arvind Envisol Private Limited Company
Notes to the accounts
For the Year ending 31st March 2023

11 Income	31-Mar-23	31-Mar-22
Construction Income	-	7,022,344
Other income	(3,074,869)	(10,380,068)
	<u>(3,074,869)</u>	<u>(3,357,724)</u>
12 Cost of Construction	31-Mar-23	31-Mar-22
Construction and Related cost	9,557,420	15,490,039
Depreciation	40,131	47,125
	<u>9,597,551</u>	<u>15,537,164</u>
13 General and Administrative	31-Mar-23	31-Mar-22
Bank charge	500	1,066
Car rent expense	452,332	737,150
Communication expense	60,839	77,536
Custom Clearing Charges	57,885	82,472
Depreciation	52,373	61,703
Fuel and lubricants expense	199,180	195,950
Guest House Expenses	2,724,737	2,066,727
License & registration expenses	117,480	8,602
Medical Expenses	38,780	101,274
Bad debt expense	101,799,214	-
Miscellaneous expense	10,030	6,908
Office expenses	740,398	114,329
Office Rent	267,203	331,296
Penalty	98,741	1,000
Printing and Stationary Expenses	61,097	53,596
Professional fee	312,328	50,820
Salary & benefit	777,069	927,687
Travel Expense	365,575	446,704
Utilities	-	-
Other Expenses	-	-
Welfare Expenses	55,428	44,433
	<u>108,191,187</u>	<u>5,309,252</u>

