

ARVIND ENVISOL PRIVATE LIMITED COMPANY

AUDITORS REPORT AND ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2020

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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 2020, 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 2020 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
22 May 2020


Chartered Certified Accountants and Authorized auditors

ARVIND ENVISOL PRIVATE LIMITED COMPANY
BALANCE SHEET
AS AT 31 MARCH 2020

Currency: Ethiopian Birr

Assets	Notes	31-Mar-20	31-Mar-19
Non-Current Assets			
Fixed Assets	2a,3	853,554	926,394
Current Assets			
Work in progress		-	-
Trade and other receivable	4	34,742,522	35,274,170
Advance to Sub contractor/ Supplier		12,915,530	24,573,530
Cash and balances	5	50,667,011	50,211,949
Prepaid Expenses		36,440	-
Goods in Transit		1,379,168	-
Other Financial Assets - Unbilled receivable		121,707,944	105,711,895
Withholding Tax Receivable		6,500,649	5,153,772
		<u>228,039,264</u>	<u>220,925,316</u>
Total Assets		<u>228,892,818</u>	<u>221,851,710</u>
Equity And Liability			
Capital And Reserves			
Paid up capital	9	4,600,000	4,600,000
Share application money		-	82,708
Legal reserve	10	-	-
Profit and loss	8	(17,904,265)	(11,193,326)
		<u>(13,304,265)</u>	<u>(6,510,618)</u>
Non-Current Liabilities			
Term loan		-	20,281,158
Current Liabilities			
Creditors and accrual	6	117,720,384	133,034,311
Related party Transaction	7	78,872,799	75,046,859
Bank Borrowing - OD facility against collateral of USD 1.5 Million		45,603,900	-
Profit tax payable	8	-	-
		<u>242,197,083</u>	<u>208,081,170</u>
Total Equity And Liabilities		<u>228,892,818</u>	<u>221,851,710</u>

The financial statements were approved and authorized for issue by the management on 22 May 2020 and were signed on its behalf by

Mr. Lalit Kumar Jha
General Manager

Kamal Grover
Chief Manager - Finance



ARVIND ENVISOL PRIVATE LIMITED COMPANY
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2020

Currency: Ethiopian Birr			
	Note	31-Mar-20	31-Mar-19
Revenue	11	114,430,277	287,488,666
Cost of Construction	12	107,943,062	280,471,197
Gross Profit		<u>6,487,216</u>	<u>7,017,469.00</u>
Other Income		4,423,766	10,474,029
		<u>10,910,982</u>	<u>17,491,498</u>
Expense			
General & Administration	13	13,873,617	19,102,605
Finance Cost		3,748,304	2,093,222
Net Profit For The Year		<u>(6,710,939)</u>	<u>(3,704,329)</u>
Provision For Profit Tax	8	-	-
Net Profit After Tax		<u>(6,710,939)</u>	<u>(3,704,329)</u>



ARVIND ENVISOL PRIVATE LIMITED COMPANY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Paid up capital	Application Money	Legal reserve	Profit and loss	Total
Balance at 01 April 2019	4,600,000	82,708	-	(11,193,326)	(6,510,618)
Adjustment/Transfer	-	(82,708)	-	-	(82,708)
Net profit for the year	-	-	-	(6,710,939)	(6,710,939)
Balance at 31 March 2020	4,600,000	-	-	(17,904,265)	(13,304,265)



ARVIND ENVISOL PRIVATE LIMITED COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 MARCH 2020

Currency: Ethiopian Birr

	31-Mar-20	31-Mar-19
Cash flow from operating activities		
Profit/loss before Tax	(6,710,939)	(3,704,329)
Adjusted for :		
Depreciation & amortisation	150,840	155,890
Withholding Tax Receivable	(1,436,877)	-
Decrease /increase in inventory	(1,379,168)	-
Decrease/increase in debtors and other receivables	531,648	(40,278,978)
Decrease/increase in Advance to Sub contractor/ Supplier	11,658,000	-
Decrease/increase in Prepaid Expenses	(36,439)	-
Decrease/increase in Other financial assets	(15,996,049)	(97,614,589)
Related party balance	3,825,940	64,236,758
Increase/decrease in creditors and other payables	(15,313,927)	90,688,943
	(24,706,970)	13,483,695
Cash used in operating activities		
Investing activities		
Property plant and Equipment	(78,000)	(392,755)
	(78,000)	(392,755)
Net cash used in investing activities		
Financing activities		
Share holder Account	(82,708)	-
Bank loan	45,603,900	40,000,000
Loan repayment	(20,281,158)	(19,718,842)
Net cash used in financing activities	25,240,034	20,281,158
Increase(decrease) in cash and cash equivalent	455,062	33,372,098
Cash and cash equivalents - Beginning	50,211,949	16,839,851
Cash and cash equivalent at 31/3/2020	50,667,011	50,211,949



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020

Currency: Ethiopian Birr

1 ESTABLISHMENT

ARVIND ENVISOL PLC(ETHIOPLA) 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 404/01

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 depreciation 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 2020

Currency: Ethiopian Birr

3 FIXED ASSETS

	<u>Balance at</u> <u>01/04/2019</u>	<u>Addition</u>	<u>Adj/Rec</u>	<u>Balance at</u> <u>31/03/2020</u>
COST				
Furniture and Fixture	317,218	-	-	317,218
Disegel Generator Set 5kv	175,002	41,739	-	216,741
Guest House - Equipment	325,129	28,000	-	353,129
Machine - Cash Register Machine	5,086	-	-	5,086
Machinery - Lifting Equipment	281,000	-	-	281,000
Office Equipment	5,550	8,261	-	13,811
	<u>1,108,985</u>	<u>78,000</u>	<u>-</u>	<u>1,186,985</u>
DEPRECIATION				
Furniture and Fixture	56,910	39,650	1,809	98,369
Disegel Generator Set 5kv	21,864	24,674	3,621	50,158
Guest House - Equipment	59,787	39,801	3,014	102,602
Machine - Cash Register Machine	927	624	(1)	1,550
Machinery - Lifting Equipment	42,152	35,827	(2)	77,978
Office Equipment	951	1,803	20	2,773
	<u>182,591</u>	<u>142,379</u>	<u>8,461</u>	<u>333,431</u>
NET BOOK VALUE	<u><u>926,394</u></u>			<u><u>853,554</u></u>



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020

4 Trade and Other Receivable	31-Mar-20	31-Mar-19
Trade debtors	8,449,319	10,637,487
Retention receivable	21,064,733	13,808,007
Sundry Debtors	-	
Deposit receivable	75,000	3,000
VAT receivable	5,153,471	10,825,676
	<u>34,742,522</u>	<u>35,274,170</u>
5 Cash and Bank Balances	31-Mar-20	31-Mar-19
Cash on hand	148,721	92,278
Cash at bank	129,854	7,391,571
Margin money deposit for OD facility of ETB 48 Million	50,388,436	42,728,100
	<u>50,667,011</u>	<u>50,211,949</u>
6 Creditors and Accruals	31-Mar-20	31-Mar-19
Duties and taxes	72,335	6,958,618
Retention payable	19,040,797	14,969,794
Accruals	59,042,812	44,951,101
Mobilization Advance from Clients	39,564,440	66,154,798
	<u>117,720,384</u>	<u>133,034,311</u>
7 Related Party Transactions	31-Mar-20	31-Mar-19
Arvind Envisol Ltd - Ethiopia Branch	(19,492,996)	(10,464,312)
Arvind Envisol Ltd - India	26,851,383	7,996,986
Arvind Lifestyle Apparel Manf.PLC - Ethiopia	71,514,412	77,514,185
	<u>78,872,799</u>	<u>75,046,859</u>



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020

	31-Mar-20	31-Mar-19
8 Provision for Profit Tax		
Profit before taxation	(6,710,939)	(3,704,329)
Less: loss brought forward from previous years		
Add: Non allowable expenses		
Guest house expenses	2,894,789	4,954,240
Entertainment	-	684,055
Penalty	8,302	339,558
Welfare Expenses	70,897	298,734
Other disallowed expenses		578,781
		6,855,368
Less: Income taxed at source	-	-
Taxable profit	(3,736,951)	3,151,039
Loss Brought forward from year ended March 31, 2019	(11,193,326)	(7,488,997)
Total loss to be set off against current year profit	(547,699)	(3,698,738)
Total loss to be set off against future profit	-	(547,699)
Total Profit	(4,284,650)	
Provision for tax	-	-
Accumulated profit or loss	(17,904,265)	(11,193,326)

9 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

10 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.



ARVIND ENVISOL PRIVATE LIMITED COMPANY
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020

11 Income	31-Mar-20	31-Mar-19
Construction Income	114,430,277	287,488,666
Other income	4,423,766	10,474,029
	118,854,043	297,962,695
12 Cost of Construction	31-Mar-20	31-Mar-19
Construction cost	67,287,470	232,941,914
Construction material	19,893,393	22,711,966
Other Expenses	20,698,079	24,753,888
Depreciation	64,120	63,429
	107,943,062	280,471,197
13 General and Administrative	31-Mar-20	31-Mar-19
Bank charge	29,334	162,577
Car rent expense	3,668,797	4,390,127
Cleaning & sanitary	13,823	47,914
Communication expense	372,613	624,917
Commission	-	2,400
Custom Clearing Charges	346,746	484,867
Depreciation	86,720	92,461
Entertainment expense	-	684,055
Event Management	753,175	250,000
Fuel and lubricants expense	534,969	768,783
Guest House Expenses	2,894,789	4,954,240
License & registration expenses	45,649	59,099
Medical Expenses	49,960	133,809
Miscellaneous expense	19,107	91,277
Office expenses	282,811	320,073
Office Rent	535,968	324,000
Penalty	8,302	339,558
Printing and Stationary Expenses	185,243	288,708
Professional fee	136,390	111,693
Salary & benefit	2,353,308	2,524,510
Travel Expense	848,494	1,308,950
Utilities	636,522	839,853
Welfare Expenses	70,897	298,734
	13,873,617	19,102,605

14.COMPARATIVE FIGURES

Some of previous year figures have been re-arranged to facilitate comparison with the current period figures.

