

ANNUAL REPORT

2016-17

AARVI ENCON PRIVATE LIMITED

CIN No.: U29290MH1987PTC045499

A



CERTIFIED COMPANY

***R.O.: UNIT NO. 155, SHAH & NAHAR (A1), DHANRAJ MILL COMPOUND, SITARAM JADHAV MARG,
LOWER PAREL (W), MUMBAI-400013.***

Tel No.: 022 40499999, Fax No.: 022 40499998

Email ID: info@aarviencon.com

Website: www.aarviencon.com

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Board of Directors:

Shri Virendra D. Sanghavi
Shri Jaydev V. Sanghavi
Shri P.N. Devarajan
Smt. Niranjana V. Sanghavi

Managing Director
Executive Director
Independent Director
Director

Corporate Social Responsibility Committee:

Shri P.N. Devarajan
Shri Virendra D. Sanghavi
Smt. Niranjana V. Sanghavi

Independent Director
Managing Director
Director

Auditors:

M/s. Sharad R.Dalal & Co.
(Chartered Accountants)
2, La –Citadelle, Ground
Floor, 99, MK road,
Mumbai-400 020

Internal Auditors:

M/s. Natvar Vepari & Co.
(Chartered Accountants)
Oricon House, 4th Floor, 12,
K Dubhash Road, Mumbai-400 023.

Company Secretary:

M/s. Deepak P. Singh & Associates
104, B Wing, Nilgagan CHS,
Plot No. 33, Sector 42
Nerul(W), Navi Mumbai-400706.

Registered Office:

Unit No. 155, Shah & Nahar (A1)
Dhanraj Mill Compound, Sitaram Jadhav Marg,
Lower Parel(W), Mumbai-400013
Tel Nos. 91 22 240999999,Fax No. 91 22 24099998
Email Id:info@aarviencon.com
Website: www.aarviencon.com
CIN No. U29290MH1987PTC045499

Corporate Office:

603, B1, Marathon Innova,
Marathon Nextgen Complex,
Lower Parel (W),
Mumbai-400013.
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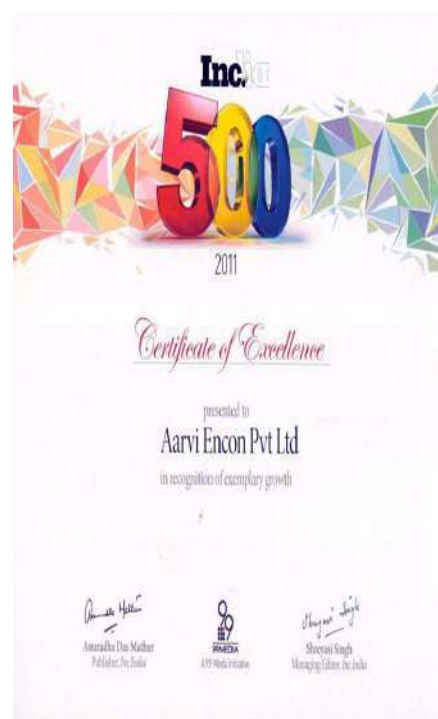
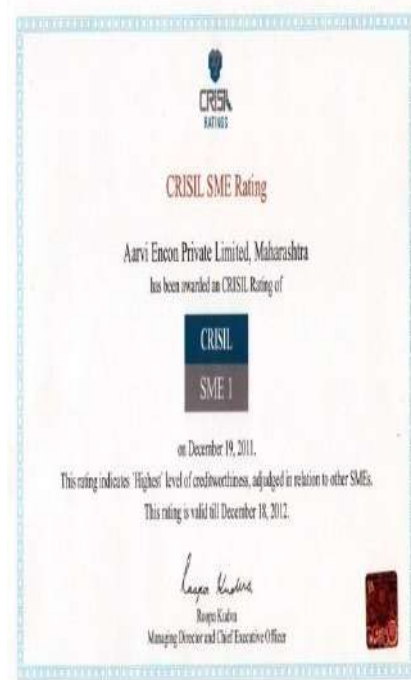
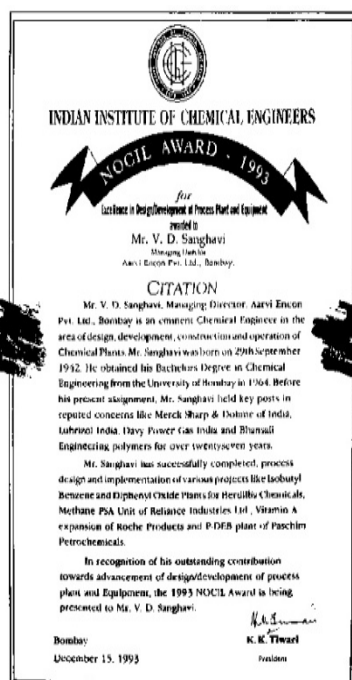
Branches:

Pune, Delhi, Chennai, Baroda

Bankers:

YES Bank Limited
HDFC Bank Limited
State Bank of India
ICICI Bank Limited
Bank of Baroda.
HSBC Bank Ltd.

Accolades



A *arvi in brief*

Corporate Overview:-

Aarvi was founded in year 1987 with Head Office in Mumbai and today we have presence in all the major locations in India.

We are an ISO 9001: 2008 certified Company with CRISIL SME-1 rating for second year in the row, which indicates Highest Creditworthiness. This was made possible by strict adherence to Quality Management Systems & Accounting Standards.

We have been creating value for our clients in India and Overseas by delivering world-class Engineering and [Manpower Outsourcing](#) Services. Our dynamic approach to problem solving enables us to deliver quality services on time coupled with consistent performance to our clients in India & Overseas.

Many of our clients in Oil & Gas, Refinery, Petrochemicals, Cross-country Pipeline, Power, Infrastructure and Telecom sectors have retained us as their preferred service provider. And we are associated with them for years.

We offer services across disciplines such as Piping, Mechanical, Process, Civil, Electrical, Instrumentation, Electronics & Telecommunication and Information Technology.

We also offer various project services like Project Management, Construction Supervision, As Built Drawing Preparation, CAD conversion, Inspection Services, Procurement Assistance, Expediting, Start-up / Pre-commissioning & Commissioning Assistance, Shut Down / Turn around Assistance etc

Corporate History:-

- 1987 Formation of Aarvi Encon as an Engineering Consultancy.
- 1993 Winner of NOCIL Award
- 1996 Started Technical Manpower Deputation
- 1997 Winner of CDC Award.
- 1997 Deputed more than 300 engineers to Reliance Petroleum, Jamnagar
- 2003 Registered ISO 9001:2000 Certification
- 2004 Opened Branch office in Delhi and Chennai
- 2004 Total manpower strength increased to 500+ Engineers
- 2007 Opened additional branch offices in Baroda and increased employee strength to 1000+
- 2008 Crossed 1200 personnel in Deputation in India and Abroad
- 2008 Rated - "SME-1" by Crisil
- 2009 Upgraded Registration in ISO 9001:2008
- 2009 Deputed more than 2000 personnel in India and Abroad
- 2010 OHSAS Certification - ISO 18000: 2007
- 2011 Received "Star SME Award" from Business Today – Yes Bank
- 2011 We have more than 120+ MNC & PSU's Clients
- 2011 Received "Certificate of Excellence" from Inc.500
- 2013 Listing in Inc 500
- 2014 Achieved Turnover of 100 Crores.

Vision:-

To become India's foremost company as a provider of solutions for Technical manpower Deputation.

Mission:-

To provide skilled professional for specialized duties on contract basis as per client's requirement at economical rate.

Aarvi Advantage:-

- Proven Experience of 29 **years**, Deputed more than 10,000 personnel
- Strong client referrals
- ISO 9001:2008 & **OSHAS 18001:2007 certified**
- Large Data Bank
- Pan India Presence
- Cost Saving
- Fast and Quality Manpower
- Flexibility in Hiring
- Focus of core competencies
- No permanent liabilities
- Government Statutory compliance
- Low Head count

- Business Ethics:-

- Aarvi Encon has always been strict in having all of its employees adhere to a code of ethics. There are surveys given periodically to all of their employees to ensure that ethics are kept up.

At Aarvi we always strive for:

- To comply with all laws and regulations applicable to our business, and to maintain high standards of ethical conduct in the operation of that business and in their dealings with employees, clients, and competitors.
- To treat all applicants and employees with dignity and respect, and to provide equal employment opportunities, based on bona fide job qualifications, without regard to race, color, religion, national origin, sex, age, disability, or any basis prohibited by applicable law.
- To determine the experience and qualifications of applicants and employees as the staffing firm deems appropriate to the circumstances, or as may be required by law.
- To explain to employees prior to assignment their wage rate, applicable benefits, hours of work, and other assignment conditions—and to promptly pay any wages and benefits due in accordance with the terms of their employment and applicable legal requirements.
- To encourage employee efforts to upgrade their skills.
- To satisfy all applicable employer obligations, including payment of the employer's share of Social Security, state and federal unemployment insurance taxes, and workers' compensation—and to explain to employees that the staffing firm is responsible for such obligations.
- To ascertain that employees are assigned to work sites that are safe, that they understand the nature of the work the client has called for and can perform such work without injury to themselves or others, and that they receive any personal safety training and equipment that may be required.
- To take prompt action to address employee questions, concerns, or complaints regarding unsafe work conditions, discrimination, or any other matter involving the terms and conditions of their employment.

D *Driving Executive Excellence*

There have been several disruptions in the past decade that have changed the way we think, act and do business. Our world has become unimaginably well networked and connected. The technology has empowered our customers and broken traditional barriers. The boundaries within organizational functions are blurring and more famous are on changing prospective and process. We are living in the age of modern technologies, which reduces distance among customers and business.

A fast paced world needs fast moving organizations-those that can response to customer demands in real time, lunch products and services with alacrity, and fine tune their systems and processes continuously to meet changing market needs. It is easy to lose one's way in a complex landscape which changes incessantly. Therefore organizations will need speed, simplicity and execution excellence to succeed. This coupled with a focus on customer experience and predictability in outcome will define the future ready organization.

An effective organization is a simple organization, it justified the way they transact their business. The way they consider their customers and the way they pay their statutory duties. Simplicity when embraced leads speed. When an organization and its people have clarity around tasks and actions, agility is the outcome. It becomes easy to adapt to new trends and change quickly, hence fostering a culture of innovation.

In service industry there are continuous flow of technology and innovation. Each organization is trying to equip with modern technology tools and processes to serve their customers.

We at Aarvi Encon have various services according to requirements of our customers. Our staffs and employees are well equipped with new and modern technological tools and prone to new innovation and processes. We have excellent team of recruiters, who provide services according to requirements of our clients. We are equipped with highly educated and experienced middle management staffs, which are trained to cope with modern technological innovations. We have an excellent track record of 29 years of service to our customers.

Aarvi is a small and simple organization; it does not have any complexity in decision making or flow of information and order. Our staffs are simple and duty bound. We have an excellent work environment in the organization. There is no barrier between staffs and management. We are as a family doing our work for satisfaction of our customers

Chairman Letter to Stakeholders

Dear Shareholders,

Aarvi is the Pioneer of Manpower Outsourcing in Engineering Niche within India. We have recorded an exponential growth and achieved the status of Biggest Manpower Outsourcing Company in our Niche. This has given us the confidence to set a higher Vision for our company & our team.

We are an **ISO 9001: 2008** certified Company with **CRISIL SME-1** rating, which indicates **Highest Creditworthiness**.

We started our company with just 3 Engineers and today we are a team of 3000+ highly talented, dedicated and motivated employees. Our zeal and Mission has helped us in not only retaining but also growing our Client Base consistently over our existence of more than two decades.

Over a period of time our clients and industry bodies have recognized our work through various Awards, Certificates & Testimonials as an acknowledgement of our capabilities. We also acknowledge and appreciate their faith in our capabilities & express our gratitude for continuous support.

We also fully recognize and acknowledge the team spirit and hard work put in by our people to achieve all this success. I wish them good luck and success to strive harder and make our Vision come true and keep our Mission going.

Over the years we have seen a paragam change in doing of business by companies. We have faced various ups and downs in our business in a journey of 29 years, since incorporation of the company. The way of doing business has been changed due to innovation and modern technologies. We have through our journey adopted time to time all modern processes and equipments to keep our company at competitive stage.

There are a lot of changes incurred in previous years; there is a change in business process, change in business environment and change in governments in centre as well as states. This change affects the way of business by organization. The modern technologies and processes equip our customers all types of information to deal with organizations.

Aarvi Encon is established in the year 1987 as a Consultancy Firm in the field of engineering. During the journey we have engaged ourselves in the field of Manpower Consultancy Services. This has given boom to our revenue as well as profit. The future of outsourcing business in all over world is increasing day to day. The outsourcing of Manpower Sources is not new in India as well as in world. The Companies engaged in various projects outsourced their works or demand manpower on contract basis.

Your company has made a position in India in Supply of Manpower and Recruitment Services. We have satisfied our clients with our quality of work and quality of manpower. Our clients after satisfying with our services renew their contract every year.

We have made our presence outside India also. We have business in Qatar, Saudi Arabia, Malaysia, Oman and other Arabian Countries. We are trying to get our share in Europe as well as other parts of the World.

The previous year was good for the businesses of the company new clients were added and old clients had added value in the business of the company.

I am pleased to inform our stakeholders that the company has achieved ₹146.22 Crores Turnover during previous financial year 2016-17, on consistence basis as achieved in previous FY 2015-16 was ₹109.31 Crores. We have declared interim dividend of ₹ 10/- per Equity Shares to the Shareholders of the Company.

On the business front, I am happy to report you that your company's performance on various dimensioned have been acknowledged.

I take this opportunity to inform you that your company has achieved and awarded prestigious CFBP (Council For Fair Business Practices) award from Honorable President of India Shree APJ Abdul Kalam.

All of this has been possible with the constant support of all our stakeholders. I would like to thank each and every one of you, customers, employees, shareholders and partners in the business of the company for your engagement and commitments.

Very sincerely,

Sd/-

Virendra D. Sanghavi

Chairman & Managing Director

Board of Directors



Mr. Virendra D. Sanghavi – Managing Director

Mr. Virendra D. Sanghavi, a Chemical Engineering Graduate from UDCT, Promoter & Founding Director of Aarvi Encon is serving the company as Managing Director. He has more than 46 years experience and excellent track record in design, development, construction and operation of process plants in India and Internationally.

Prior to Aarvi Encon he was working with various Engineering, Oil & Gas and Petrochemical companies such as Merck Sharp & Dohme India Ltd., Lubrizol India Ltd. (Erstwhile Davy Powergas) and Bhansali Engineering Polymers Ltd. where he has made substantial contributions in growth of these companies and left this mark.

Mr. Sanghavi has had a fruitful and rewarding experience in compiling and editing "Handbook of Specialty Vendors for Chemical Projects" which was released by Mr. Liladhar Dake, Honourable Minister of Industries, Law & Judiciary and Parliamentary Affairs in a function held on 29th September 1998 at UDCT.

He is a visiting lecturer of ICT teaching piping engineering, his favorite subject to third year students. He is Past President and on the Board of Governors of ICT formerly UDCT/UICT, he has been the Honorary Treasurer of Indian Institute of Chemical Engineers. Apart from taking interest in other professional activities he is an active Rotarian and presently he is Immediate Past President of Rotary Club of Mumbai South.



Mr. Jaydev V. Sanghavi – Executive Director

Mr. Jaydev Sanghavi, a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. 21 years ago. Since then he has handled various assignments as a Project Coordinator, Business Development Manager, Operations Manager and now Executive Director. He has played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully.

In 1996 he identified a niche Business Opportunity in the project consulting of HR and thus came about a Manpower Supply division which he heads today. He is biggest contributor in establishing & expanding Manpower Division.



Mr. P N Devarajan – Independent Director

Mr. P N Devarajan, a Chemical Engineering Post-graduate from IIT Kharagpur, is serving the company as Independent Director since 2008. He has more than 64 years experience in Oil & Gas, Petrochemicals and Chemical Industry.

Worked in Senior Management positions in Merck, Sharp & Dhome – World's top Pharma Company. Chemical & Plastics India Ltd Kothari Petrochemicals Ltd., Mettur, Shriram Chemicals and Fertilizers Ltd. at Kota.

He had been on Board of Directors of Hindustan Organics, Indian Drugs & Pharmaceuticals, Essar, Dr. Reddy's Lab, Reliance Industries, Project Development Organization (PDO), IDBI, RBI, Bank of Baroda.

Mrs. Niranjana V. Sanghavi – Director

Mrs. Niranjana V. Sanaghavi, a Graduate from University of Gujarat is one of the founding members of the company. She is serving the company as Director.

She is handling social responsibility of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Aarvi Encon Private Limited will be held on Saturday, 15th July, 2017 at the Corporate Office of the company at 603, B1, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W), Mumbai-400013 at 2.30P.M. , to transact following business:-

ORDINARY BUSINESS:-

1. To receive consider and adopt the audited Balance Sheet as at 31st March, 2017, Statement of Profit and Loss, Cash Flow Statement for the year ended on that day and Reports of Board of Directors and Auditors there on.
2. To approve Interim Dividend declared by the company as final dividend for the year ended on 31st March, 2017.
3. To re-appoint the Auditors and to fix their remuneration and in this regard pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to provisions of Sections 139 and 142 of the Companies Act, 2013(corresponding Section 224 of the Companies Act, 1956) and other applicable provisions ,if any of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules , 2014(including any statutory modifications or re-enactment thereof for the time being in force) , consent of the Company be and is hereby accorded based on resolution passed at AGM held on 30th September, 2014 for appointment of M/s. Sharad R. Dalal & Co. , Chartered Accountant(FRNo.109926W) as Statutory Auditor of the company to hold office till the conclusion of Annual General Meeting to be held for financial year ended 31st march, 2017 be and is hereby ratified.”

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to fix remuneration payable to Auditors for the financial year ending on 31st March, 2016 in consultation with Statutory Auditors and that such remuneration may be paid on progressive billing basis as may be agreed between Auditors and Board of Directors.”

For and on behalf of Board of Directors
Aarvi Encon Private Limited

Sd/-

(Virendra D. Sanghavi)

Chairman & Managing Director

Din No.:00759176

Date: 12th June, 2017

Place: Mumbai

NOTES:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTILED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT TO BE MEMBER OF THE COMPANY. A person can act as proxy on behalf of not more than fifty (50) and holding in aggregate not more than ten percent of total Share capital of the Company. The instrument of proxy in order to be effective should be deposited at the registered office of the company before 48 hours of commencement of the meeting.*
2. *The Blank Proxy Form is being sent herewith. Members/ Proxy holders must bring the attendance slip (attached herewith to the meeting and handover the same at the entrance of the meeting duly signed.*
3. *All documents referred to in the accompanying Notice and the statements are open for inspection by the members at the Registered Office of the Company on all working days up date of Annual General Meeting between 1.00 PM to 2.00 PM.*
4. *Members are requested to notify immediately if any change in their addresses and other communication details.*
5. *Members seeking any information with respect of accounts of the company should leave their request at least 10 days before the date of meeting.*

Directors Report

Dear Members,

Your Directors are pleased to submit their report together with the audited financial statements (standalone and consolidated) for the financial year ended 31st March 2017.

1. Highlights Standalone Performance;

Your company reported growth in revenue and significant increase in the net profit for the year ended on 31st March 2017. Revenue from operations at ₹146.22 Core decreased by 33.77% year on year, reflecting better results than the previous year performance in key markets and segments. Operating profit at ₹7.72 crores as against ₹6.01 Crores of previous years. The Operating Profit increased by 28.45% of previous year. This was good financial year for the company, the company has achieved net sales turnover of ₹146.22 Crores against Rs.109.31 Crores of previous year.

The Company has contributed Rs. 1.76 Crores of tax in the Government Account during the year as against Rs. 1.12 Crores of previous year.

2. Financial Highlights

The Company's financial performance for the year ended March 31, 2017 is summarized below;

	STANDALONE		CONSOLIDATED	
	2016-17	2015-16	2016-17	2015-16
Net Revenue from Operations	₹ 1,46,22,37,492	₹ 1,09,31,39,388	₹ 1,53,19,44,766	₹ 1,10,15,56,638
Other Income	₹ 30,68,205	₹ 54,80,172	₹ 32,36,032	₹ 61,70,163
Total Income	₹ 1,46,53,05,697	₹ 1,09,86,19,560	₹ 1,53,51,80,798	₹ 1,10,77,26,801
Total Expenditure	₹ 1,41,25,70,101	₹ 1,06,73,25,334	₹ 1,46,39,89,251	₹ 1,07,85,18,486
Profit before Depreciation, Finance Cost, Exceptional Items and Taxes	₹ 7,72,32,687	₹ 6,01,70,980	₹ 9,65,24,569	₹ 5,94,58,015
Less: Finance Cost	₹ 1,61,21,597	₹ 1,12,61,889	₹ 1,64,22,099	₹ 1,19,36,846



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Aarvi Encon Private Limited

Depreciation	₹ 83,75,494	₹ 1,76,14,865	₹ 89,10,923	₹ 1,83,12,854
Profit before Exceptional Items and Taxes	₹ 5,27,35,596	₹ 3,12,94,226	₹ 7,11,91,547	₹ 2,92,08,315
Exceptional Items	₹ -	₹ -	₹ -	₹ -
Profit before tax	₹ 5,27,35,596	₹ 3,12,94,226	₹ 7,11,91,547	₹ 2,92,08,315
Provision for taxes				
Current Tax	₹ 1,75,00,000	₹ 1,37,00,000	₹ 1,75,00,000	₹ 1,37,00,000
Deferred Tax	₹ 1,40,458	₹ -27,23,286	₹ 1,40,458	₹ -27,23,286
Short/Excess Provisions for Tax		₹ 2,52,447		₹ 2,52,447
Profit after taxes	₹ 3,50,95,138	₹ 2,00,65,065	₹ 5,35,51,089	₹ 1,79,79,154
Add: Surplus brought forward from Previous years	₹ 22,12,23,666	₹ 20,86,20,774	₹ 22,23,79,793	₹ 21,61,26,243
Less: Goodwill/ Capital Loss on Consolidation				₹ 42,14,131
Balance available for appropriation	₹ 25,63,18,804	₹ 22,86,85,839	₹ 27,59,30,882	₹ 22,98,91,266
Appropriations				
Less: Dividend Paid	₹ 31,00,000	₹ 62,00,000	₹ 31,00,000	₹ 62,00,000
Dividend Distribution Tax	₹ 6,29,222	₹ 12,62,174	₹ 6,29,222	₹ 12,62,174
Provision for Tax of Earlier years	₹ 83,61,520		₹ 85,55,027	₹ 49,299
Balance Carried Forward to Balance Sheet	₹ 24,42,28,062	₹ 22,12,23,665	₹ 26,36,46,633	₹ 22,23,79,793

3. Dividend;

The Directors recommend the interim dividend paid earlier will be considered as final dividend of the company. The interim dividend has been paid ₹10/- per share on the paid-up Equity Share capital of the company with respect to financial year 2016-17. Total outgo because dividend, inclusive of taxes, for 2016-17 is ₹37.29 Lakhs. The Company has retained its profit for its future activities, since it has track record of payment of dividend of ₹ 20/- per year.

4. Transfer to Reserves;

The Board of Directors has not proposed to transfer any amount in General Reserves out of profit of the Company for the financial year 2016-17.



Annual Report 2016-17
Aarvi Encon Private Limited

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4. Transfer to Reserves;

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5. Credit Rating;

Your Company's Domestic Credit Rating is CRISIL SME Rating 1 for the long-term debt /facilities/NCDs by CRISIL. The Credit Rating derive strength from the operational track record of the Company, cost competitiveness, flexibility derived from diversified services and the Company's effort to reduce cost and to improve cost efficiency.

6. Deposits;

The Company has not invited any deposits falling under provisions of Sections 73, 74 read with the Companies (Deposits) Rules, 2014 from public during the financial year under consideration.

7. Public issue of Shares;

The Company has not issued any class of Shares to the Public during the financial year 2016 - 17.

The Company is in process to bring its Initial Public Issue of Shares during the Current Financial Year F.Y. 2017-18.

8. Related Party Transactions;

All related party transactions have been entered by the Company during the financial year in the ordinary course of business and at the arm's length price. During the financial year under consideration the Company has entered into contracts/ arrangements/transactions with related parties, which could be considered as material in accordance with the provisions of the Act, have been given in "Annexure III".

9. Particulars of Loans, Guarantees or Investments;

Details of Loans, Guarantees, Securities and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statement. The Company had approved the limit of Loans, Guarantees, Securities and Investments through a Special Resolution at the meeting of members of the company.

The Company has given unsecured loan to its subsidiary Aarvi Engineering & Consultants Private Limited by passing Special Resolution according to the provisions of Section 185 of the Companies Act, 2013 keeping in account of the provisions of Section 185 of the Companies (Amendment) Act, 2016.

The Company has approved a fixed limit of related party transaction with Aarvi Engineering & Consultants Private Limited in the EOGM held on 1st April 2016.

10. Review of Subsidiary and Associate Companies;

As required under Companies Act, 2013, the audited consolidated financial statements of the company incorporating all its subsidiary and associate companies prepared with applicable Accounting Standards are attached.

Aarvi Engineering & Consultants Private Limited, a Wholly Owned Subsidiary of the company engaged in Consultancy Services has not performed well in the financial year 2016-17. The company is unable to acquire projects during the financial year 2016-17. The accounts of Aarvi Engineering & Consultants Private Limited are consolidated with the accounts of the company according to the provisions of Companies Act, 2013, Income Tax Act, 1961 and read with application " Accounting Standard " issued by ICAI.

Aarvi Encon FZE is a Wholly Owned Subsidiary of Aarvi Encon Private Limited, having 100% Equity Shares, company has contributed Rs. 27,22,500/- in the year of incorporation . Aarvi Encon FZE has generated Rs. 2,22,86,782/- as revenue during the Financial Year under consideration.

Apart from these the Company expects and committed to increase its presence on pan India basis. The Company is continuously exploring new avenues of business. We have sent various delegates in many countries for marketing and exploring business opportunity for the company.

11. Management Discussion & Analysis

Company Overview

Aarvi Encon is a leading technical manpower outsourcing company providing engineers, designers, on secondment / deputation to companies, dedicated to the energy sector that provides Construction Jobs, Inspection Jobs, Design Engineer Jobs, Designer Jobs, Drilling Jobs, Engineering Jobs, Environmental Jobs, Geosciences Jobs , HR and Recruitment Jobs, HSE Jobs, safety jobs, Maintenance Jobs, shutdown Jobs, Management Jobs, Marine Jobs, Oil and Gas Jobs, Procurement Jobs, Production Jobs, Project & Control Jobs; Technical Jobs, Pipeline Jobs, Refinery Jobs, Offshore Jobs, Petroleum Jobs etc.

The company targets sectors like Oil & Gas, Power, LNG, PNG, refinery, Petrochemical, Pipeline, Wind power, Solar Power, Offshore, E&P, Infrastructure, Ports & Terminals, Telecom, Fertilizers, Cement, Automobile, Metro & Mono Rail, Railway, Metals and Minerals, Information Technology.

Our target companies are those that are from the above sector ranging operating oil company, EPC, Engineering design, Field design, O&M, Operations, maintenance, contracting, inspection from fortune 500 oil and gas companies to smaller ones, situated in Saudi Arabia, UAE, Qatar, Europe, India, Russia, Africa, Australia, Kuwait, USA, UK, etc.

Our core business is providing staffing solutions across industry sectors and diverse functional areas. The majority of our Associate Employees are engaged in sales, logistics, Oil and customer service functions. We focus on people, processes and technology to enhance business productivity by enabling

our clients to outsource their staffing requirements and allowing them to focus on operating and growing their core businesses.

We provided employment to more than 12500 Associate Employees since inception and we have over 3000 Associate Employees on our rolls as of March 31, 2017. We served over 150 clients in the month of March, 2017 with a network of nine offices and 131 full-time employees across India. We are managed professionally by a high quality management team with deep extensive market and industry expertise, exhibiting thought leadership on matters of public policy.

Total operating revenue was Rs. 1462.24 mn for FY2017 as compared to Rs. 1093.12 mn in FY2016 there was increase of 33.76% Operating EBITDA was Rs. 77.23 mn for FY2017 as compared to Rs. 60.17 mn in FY2016 with increase of 28.35%. Profit Before Tax (PBT) was Rs. 52.74 mn for FY2017 as compared to Rs. 31.30 mn in FY2016 reflecting increase of 68.55%.

Industry Structure & Development

India's GDP growth is experiencing an upswing following a slump between 2010 and 2013. Estimates from various agencies suggest that the country's economy is gradually on the road to recovery. According to the World Bank India Development Update 2015, the Indian economy grew by 7.3% in fiscal 2015 and India is on course to overtake China to become the world's fastest growing major economy in the next two years. In 2016-17, GDP is estimated to grow by around 7.9%. As the economy recovers and grows, flexi-staffing is expected to become an integral part of the expansion plans of companies.

Working group population and characteristics

In India, people aged between 15 to 59 years are typically considered working age population. According to census data, this employable population has experienced a 24.7% growth between 2001 and 2011. This increase far exceeds the growth in India's general population for the same period of 17.7%. The proportion of India's population who are part of the working group population has risen from around 57% in 2001 to 62% in 2011-2012.

Staffing industry transformation- Opportunities & Threats

India is the world's second largest labour market. Only around 10% of India's labour force works in formal employment. Redefining the nature of employment and having a greater number of workers in formal employment will be critical if India's economic development is to become more broad-based, not only in terms of regions, but also in terms of social inclusion.

The biggest challenges confronting the Indian employment industry today, and thus the focus points for industry and the government are:

- * bringing jobs to people wherever they are located;
- * improving skill-sets of the workforce and ensuring employment generation keeps pace with rising literacy;
- * regulatory measures to increase formalization of enterprises;
- * reducing informal employment to increase social security;

- * regulatory push towards formal employment; and
- * the introduction of vocational education and training.

The transformation from formal to informal employment will happen in the following three phases-

- * Phase 1: operations/risk/compliance
- * Phase 2: hiring
- * Phase 3: quality of employees

As the government and industry work to address the problems facing the employment sector in India, and to increase the rates of formal employment, there is likely to be huge opportunities generated for the flexi staffing industry.

The new government and a stable government in India have done a lot to improve business environment and placing India in world map. The new government has introduced "Make in India" and "Digital India" initiatives. Our government has eased various laws and promulgated rules and regulation for easily doing of business. Various draconian laws have been repealed. The new much awaited Companies Act, 2013 has been introduced and various other steps have been taken to take India ahead of various nations.

The efforts of government have encouraged business entities to spread their area of operations beyond the India. We are expecting some new measures are also announced to help business environment and bringing FDI in India. Our country is going to be fastest growing economy in the World.

The strong growth witnessed by the sector has brought a combination of opportunities as well as challenges.

Permanent recruitment has grown on the back of growth in key customer industries, with large MNCs entering the Indian market and expanding their presence, as well as the emergence of new industries. However, permanent recruitment companies face challenges in the form of high attrition and competition from online portals.

Temporary recruitment companies are growing with organizations that are gradually increasing their share of temporary staff in their total workforce to withstand the economic downturn recognizing the merits of having temporary staff.

However, such companies face high attrition rates with clients absorbing temporary staff, pressure on their working capital and compliance with laws applicable to permanent staff.

HR solutions is a highly competitive and fragmented industry that is poised for enormous growth in the next 10 years as companies increase their investment in their HR infrastructure.

Furthermore, changing market dynamics and global competitive pressures has resulted in business becoming more complex, making companies realize the importance of having the right employees undertaking complex tasks and outsourcing non-core activities. Those that were earlier reluctant to



engage external vendors now consider HR consultants to be their partners in their organizations' growth strategy.

12. Internal Control System;

The Company has robust internal Systems and Processes in place for smooth and efficient conduct of business and complies with relevant laws and regulations. A comprehensive delegation of power exists for smooth decision making. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced Chartered Accountants in close co-ordination with company's own department. A well-defined internal control framework has been developed identifying key controls and audit firms certify the appropriateness of internal controls. Internal audit firms directly report to the Management at higher level. Reports of the auditors are reviewed, compliances are ensured and the reports along with the compliances are put to Audit and Ethics committee periodically.

13. Fixed Assets;

(Amount in ₹)			
Year ended March 31	2017	2016	%age Growth
Original Cost of Assets	16,40,65,985	14,83,22,221	3.48%
Less: Accumulated Dep.	9,30,15,857	7,97,74,894	
NET FIXED ASSETS	7,10,50,128	6,85,45,512	

There was addition in the Office Equipment, Vehicles, Computers and Software.

14. Sundry Debtors;

Sundry debtors are 23.14 % of the Turnover for the year. Provisions for doubtful debts whenever necessary and required have been made following Accounting Standards and rules prescribed.

15. Cash and Cash Equivalents;

The Cash and Cash Equivalents during the year was of ₹6.48 Crores as against ₹2.03 Crores of previous year.

16. Income;

Income from Operations (Operating Income) has increased by 33.77 % over FY 2015-16. The main segment of the company is Manpower Recruitment Services, which has contributed 100 % of total revenue during the year.

17. Expenses;

The main expenses i.e. Direct Expenses for the Company is payment towards Salary, Wages, Professional Fees and Contractual Fees to the employees of the company. The Direct Expenses increased by 40.43% against previous year.

18. Employee Remuneration;

The employee cost (in house) has been grown by 16.51% over FY 2015-16 which is because annual increments, promotions, increase employee benefits etc.

19. Taxation;

Current and Deferred Income Tax provision for the year have been made in accordance with the provisions contained in Income Tax Act, 1961 and Accounting Standard 22, "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India (ICAI). Accordingly, Current and deferred income tax provisions have been worked out as ₹1.76 Crores and ₹1.13 Crores respectively.

20. Indebtness;

Yes, Bank Limited is the lead bank for the company during financial year 2016-17. The Company is enjoying Cash Credit(CC) Limit of ₹12.50 Crores, Term Loan facility of ₹3.50 Crores, Non fund based Bank Guarantee (BG) of ₹7.00 Crores from Yes Bank Limited. The banking relationship with Yes bank was very supporting and coordinational during the year. The Company has availed Working Capital Facility from CITI BANK, NA of Rs. 8.00 Crores during the year under consideration.

21. Risk Management;

The Company has an elaborate Enterprise Risk Management (ERM) framework in place. As a part of implementation of ERM framework, the Company has constituted a core Risk Management Committee comprising of majority of directors of the company. The RMC has been entrusted with the responsibility to identify and review the risks and formulate action plans and strategies for risk mitigation. The main function of RMC is to monitor various risks and to examine the adequacy of risk management policy and practices adopted by the Company, and to initiate action for mitigation or risks arising in operations and other key functional areas of the company. All heads of various departments of the company have been instructed to formulate their own policies for mitigating risk and assess its effectiveness from time to time. These reports are evaluated by RMC in each quarter and identify major risks and take steps to mitigate them or insure them to reduce their impact on the company.

22. Material Transactions during the financial year before signing of Board Report;

1. The Company in the meeting of Board of Directors held on 25th April 2017 has transferred 31,000 Equity Shares of Mr. Virendra D. Sanghavi, on his request to his relatives according to the applicable provisions of the Companies Act, 2013 and applicable clauses of Articles of Association of the Company.
2. The Company increased its Authorised Share Capital from Rs. 10,00,00,000/- (Rupees Ten Crore Only) to Rs. 15,00,00,000/- (Rupees Fifteen Crore Only) by passing Ordinary Resolution in the Extra Ordinary General Meeting of the members held on 28th April 2017.

3. The MOA and AOA of the Company has been accordingly changed and same has been filed along with form MGT-14 and SH-7, with ROC, Mumbai.
4. The Company has appointed M/s. Sarathi Capital Advisors Private Limited its Lead manager to handle proposed Initial Public Issue of Shares of the Company in the meeting of Board held on 25th April 2017.
5. The company in the Extra Ordinary General Meeting of members held on 29th April 2017 subdivided Nominal Value of its Equity Shares from Rs. 100/- each to Rs. 10/- each with the permission of members by Ordinary Resolution.
6. The Company on Board meeting held on June 3, 2017 appointed;
 - i) Mr. Devendra J. Shrimankar, as an Additional Director in the category of Independent Directors;
 - ii) Mrs. Sonal Nitin Doshi, as an Additional Director in the category of Independent Directors;
 - iii) Mr. Jaydev V. Sanghavi, as Chief Financial officer of the Company.
7. The Company has applied to change its name with Registrar of Companies, Mumbai from "Aarvi Encon Private Limited " to "Aarvi Encon Limited" and reply is awaited.

23.Opportunity & Threats;

Your company is indeed one in the top players in the field of Manpower Supply Services in India. It has strong financial base and a team of committed and experienced, skilled manpower with in depth knowledge of various aspects of the field.

The overall prospects of growth of the business of your company are impacted by various factors, including the environment in which it operates.

The sluggish growth of business during the previous year and lack of demand of outsourcing affects business in India as well as abroad. There is also increasing competition in this field hamper growth prospects very much. The policies and labor laws also affects progress of the firm in this field. There are various laws and regulatory compliances to be followed.

The policies of State as well as Central government are also not supportive and business environment in the country was not good during previous year. The industrial growth was at the lowest as well as inflation reduces domestic earning and less flow of money in the market. The continuous de-valuation of Indian rupee badly affected growth prospects of business.

Despite all these, your company is well poised to tap the new business opportunities arising from potential growth in this field. The company has achieved ₹146.22. Crore turnover in FY 2016-17. The Turnover was increased by 33.77 % of previous year.

24.Outlook;

For 2017-18, your company is determined to achieve higher growth on rates in its all segments in India as well as abroad. Your company is strong on financial as well as intellectual fronts. We have to adopt innovative and better policies for developments. The company is formulating strong growth oriented policies to cope with emerging competition and acquire large share in Manpower Recruitment in India as well as abroad. We have experienced, committed and sincere workforce, which are working day and night for the growth of the company.

The company targeted to achieve ₹200.00 Crore turnover during FY 2017-18.

25.Strategy to meet the challenges;

Against the backdrop of the outlook presented above, your company has formulated a strategy for taking the growth further with higher profitability, despite the challenges of an increasing competitive market. These are;

1. Setting of branches controlled by competent executives in major cities of India.
2. Setting of WOS, JVs abroad to cater business in various countries.
3. Using technology for minimizing cost of operation.
4. Appointing experienced and committed personnel to control.
5. Exploration of market by team of our personnel.
6. Formulating strong market strategies to counter competition.
7. Need to improve customer relationship with company.

26.Human Resources and Industrial Relations;

During the year under review, industrial relations remained generally peaceful at all our offices and establishments.

The HR priorities for the year 2016-17 were finalized as part of global HR budgeting process. The priorities included the institution of a global reward & recognition framework and focus on individual, regional, functional and global recognition systems.

Your company has improved its performance management process with focused training workshops for "people managers". A revised 360-degree feedback process is planned for the leadership level this year for improving leadership effectiveness.

27. Directors' Responsibility Statement;

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, the Directors hereby confirm that;

- i) In the preparation of Annual Accounts for 2016-17, the applicable Accounting Standards and Schedule III to the Companies Act, 2013, have been followed and there are no material departures.

- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the of the Company as at 31st March, 2017 and of the profit of the Company for the financial year ended on that date.
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the Annual Accounts on a going concern basis.
- v) That proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial control are adequate and were operating effectively; and
- vi) Those proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

28. Directors;

Since all directors of the company are permanent directors and are not liable to retire according to provisions of Companies Act (the "Act"), 2013.

Mr. P N. Devarajan is an independent director on the Board of the company. The company is obliged from his advice and services to the company. The Company acknowledged his valuable services to the company and hope that he will associate with the Company in future also.

The Company has appointed Mr. Devendra J. Shrimankar and Mrs. Sonal N. Doshi as Additional Directors in Independent Category of Directors keeping in view Initial Public Issue of the Company and for compliance of SEBI(LODR) Regulations, 2015 as well as provisions of the Companies Act, 2013

29. Auditors

M/s. Sharad R. Dalal & Co., Chartered Accountants (ICAI Firm Registration No.), Mumbai has resigned as Statutory Auditor of the Company. The Company has appointed M/s. Arvind H. Shah & Co. (Firm Reg. No. 100577W) Chartered Accountants, Mumbai as Statutory Auditor of the Company at the meeting of Board of Directors held on June 12, 2017. M/s. Arvind H. Shah & Co. (Firm Reg. No. 100577W) Chartered Accountants, Mumbai has been appointed subject to the approval of the members at the ensuing Annual General Meeting for a period of five financial years starting FY 2017-18 to FY 2021-22.

30. Auditors' Report;

The Auditors' Report to the Shareholders does not contain any qualification. The Management has provided all details and information to the Auditors for their audit purpose. In case of verification of debtors and creditors, loans and advances, the company has provided all documents and information to the auditors in this regard.

Comments/ Qualification of the Auditors in their report and the notes forming part of the Accounts are self-explanatory.

31. Internal Audit & Reports;

The Company has implemented standard internal control system keeping the size of the company. Internal auditing is one of the steps to know effectiveness of internal control system. Company has appointed internal auditors, who give their reports on quarterly basis. The Report of internal auditors is directly sent to the management of the Company and any queries raised and suggestion given in the report is discussed with accounts and finance department head of the company. The Accounts and Finance department put before the Board an Action taken report on the report of the Internal Auditors, which is critically scrutinized by top management of the company.

32. Secretarial Auditors;

Your Board has appointed M/s. Deepak P. Singh & Associates, Company Secretaries to conduct the Secretarial Audit of your company. The Secretarial Audit Report is annexed herewith in **Annexure-C** to this report. The Secretarial Audit Report does not contain any qualification, adverse remark or reservation.

33. Extract of the Annual Return;

The details forming part of the extract of the Annual Return in Form No.MGT -09 in accordance with the provisions of Section 92 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2013 are set out herewith as "Annexure I" to this report.

34. Particulars of Employees and Remuneration details;

The Board of Directors wishes to express its appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The company has made following payments during the financial year to Managing and Executive Director of the company;

Name	Shri Virendra D. Sanghavi	Shri Jaydev V. Sanghavi
Date of Birth	29.09.1942	17.05.1971
Date of Appointment	Since Incorporation	07.11.2005
Qualification	Chemical Engineer	Chemical Engineer

Designation	Managing Director	Executive Director
Expertise in specific functional area.	He has over 48 years of Experience in Design, development, construction and operation of Chemical plants in reputed organizations like Merck Sharp & Dohme India Ltd., Lubrizol India Ltd., Davy Power Gas Ltd. (now Kvaerner Power gas India Ltd. and Bhansali Engineering Polymers Ltd.	Mr. Jaydev Sanghavi is BE Chemical Engineering with over 23 Years of experience in Aarvi Encon as Project Manager General Manager Operations and Executive Director. He looks after Marketing & Operation of the company.
Remuneration paid during year	₹ 82,80,000.00	₹ 54,00,000.00
Perquisites	₹ 1,12,037.00	
Commission on Net Sales	₹ 73,11,187.00	₹ 73,11,187.00
Total	₹ 1,57,03,224.00	₹ 1,27,11,187.00

Mr. P. N. Devarajan is an Independent Director, He is also director in Kothari Petrochemicals Limited and Matrix Fertilizers Limited. Earlier he was director of Reliance Petroleum Limited, Dr Reddy's Laboratory Limited and CMD in Hindustan Organics Chemicals Limited. He has rich experience of more than 56 years and has contributed to the growth of Aarvi Encon by his valuable advice and good contacts.

Mrs. Niranjana V. Sanghavi is a graduate from Gujarat University and takes active interest in meeting of corporate social responsibility of the company. She is director and shareholder of the company.

Mr. Devendra J. Shrimankar is an Independent Director, He is a Chartered Accountant by profession and has more than 28 years' experience in the field of Taxation, Auditing & Advisory Services. He has advising large Public Companies, Listed Companies, Family Managed Companies and High Net Worth Groups. He is also acting as Independent Director of other listed companies and Chairman of their Audit Committees.

Mrs. Sonal N. Doshi is an Independent Director, professionally a Corporate Lawyer and has experience of more than 20 years in the field of Corporate Litigations. She is a reputed Corporate Lawyer.

35. Energy Conservation, Technology Absorption;

Since company is engaged in consultancy, recruitment and manpower supply services. There is no need to comply with energy conservation but a lot of steps taken by the company to conserve the electricity, water and other public utility services. Our employees are very conscious in energy conservation and company has taken various steps in this regard.



Technology absorption : Not Applicable

36. Foreign Exchange Earning and Outgo;

Expenditure in foreign Exchange : ₹37,71,935.00
Earnings in foreign Exchange : ₹1,77,96,974.00

37. Corporate Social Responsibility;

Your Company has formulated a Corporate Social Responsibility Policy with the objective "give back to the society". In line with this approach "Aarvi Encon" has under taken social activities such as promoting education, hygiene, preventive health care, eradicating of hunger, poverty & malnutrition, making available safe drinking water, education to the poor, old age healthcare, environment sustainability, rural sports and helping other organization through donations and active participation of directors of the company.

Pursuant to the provisions of Section 135 and Schedule VII and related rules of the Companies Act, 2013, the Corporate Social Responsibility (CSR) committee of the Board of Directors has been formed consisting of the following members namely Mr. Virendra D. Sanghavi, Mrs. Niranjana V. Shanghavi and Mr. P.N. Devarajan (Independent Director) to recommend the policy on Corporate Social Responsibility and monitor its implementation.

Aarvi Encon initially decided to focus on education, health, drinking water and sanitation as key areas which required attention. The objective is to make an impact on the quality of life of the common people in its neighborhood.

Your Company accesses each project for feasibility organizes the volunteers and support staff before initializing the activity. Being first year of a coordinated approach, the earmarked money i.e. 2% of average profit for last three previous years could not be expended in full and hence is being carried forward.

The Corporate Social Responsibility Policy of the company as adopted by the Board of Directors on the recommendation of Corporate Social Responsibility Committee and same is placed on the website www.aarviencon.com of the Company.

Report on Corporate Social Responsibility as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is in (Annexure-II) to this Report.

38. Government and Local Authorities;

The Company has maintained coordinal relationship with Government bodies such as Income Tax Department, Service Tax, Sales Tax, Provident Fund, ESIC, PT, Municipal Corporation and other Central as well as Local Authorities.

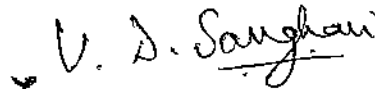
39. Cautionary Statement;

Statements in the Board's Report and the Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable Laws and Regulations. Actual results may differ materially from those expressed in the statement. Important factors that cloud influence the Company's operations includes global and domestic demand and supply conditions affecting prices of services, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

40. Acknowledgment

Your Directors take this opportunity to thank the financial institution specially Yes Bank Limited, Bank of Baroda, Citi Bank NA, Central and State Government authorities, Regulatory authorities and all other various stakeholders for their continuous support to the company. Your Directors also wish to record their appreciation for the continues co-operation and support received from the associates and mainly from clients.

For and on behalf of the Board of Directors
Aarvi Encon Private Limited.



(Virendra Dapatriam Sanghavi)
Chairman & Managing Director
Din No.: 00759176
Date: 12th June, 2017
Place: Mumbai

R eport on Corporate Governance;

1. Company Philosophy on Code of Governance;

The Corporate Governance philosophy of your Company ensures transparency in all dealings and in the functioning of the management and the Board. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regularity compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationship between itself and its stakeholders.

Aarvi has set up a system which enables all its employees to voice their concern openly without any fear or inhibition. The Corporate Governance philosophy of the Company has been further strengthened through established code of conduct.

As a responsible corporate citizen, your Company had established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to organizational sustainability, systematic training, learning and personal growth, conservation of energy and other scarce resources, promoting safety and health of its employees and of the neighboring community etc.

The Company being a citizen of Indian committed in development of neighboring society and country. We have through providing donations to various charitable institutions for welfare of people in need. We have through various clubs provided computers, laptops and books in various schools as a part of our Social Responsibility.

2. Board of Directors;

As on 31st March 2017 the Company has 4 directors and the composition of the Board of Directors is give below;

Composition of Board of Directors as on 31st March 2017;

Category	Number of Directors	%
Managing & Executive	2	50%
Non-Independent	1	25%
Independent	1	25%

Details of Attendance of Directors at Board and last year's Annual General Meetings;

Name of Director	Position	Attendance at meetings		Directorships
		Board	Last AGM	
Mr. Virendra D. Sanghavi	Managing Director	8	Yes	2
Mr. Jaydev V. Sanghavi	Executive Director	8	Yes	3
Mr. P.N. Devarajan	Independent Director	5	Yes	13
Mrs. Niranjana V. Sanghavi	Non-Independent Director	6	Yes	1

3. Board Meetings;

During 2016-17, 8 Board meetings were held;

Sr. No.	Date of Board meeting
1	01/04/2016
2	19/05/2016
3	16/07/2016
4	27/08/2016
5	27/09/2016
6	30/09/2016
7	06/12/2016
8	20/02/2017

4. General Body meetings;

Year	Location	Date	Timing
2015-16	603, B1, Marathon Innova, Marathon Nextgen complex, Lower Parel (W), Mumbai-400013.	30 th September, 2016	2.30 PM
2014-15	Unit No. 155, Shah & Nahar Inds. Estate, Sitaram Jadhav Marg, Lower Parel (W), Mumbai-400013.	30 th September, 2015	2.30 PM
2013-14	Unit No. 155, Shah & Nahar Inds. Estate, Sitaram Jadhav Marg, Lower Parel (W), Mumbai-400013.	26 th September, 2014	12.30PM

5. Meetings other than Annual General Meeting;

An Extra Ordinary General Meeting of Members of the Company was held on 25th April 2016.

6. Details of Shareholders;

Name of Shareholder	Number of Shares	%
Mr. Virendra D. Sanghavi	1,55,000	50%
Mrs. Niranjana V. Sanghavi	93,000	30%
Mr. Jaydev V. Sanghavi	62,000	20%

During the Current Financial Year; The Company has in the meeting of Board of Directors held on 25th April 2017 transferred 31,000 Equity Shares of Mr. Virendra D. Sanghavi on his request to his relatives and the name of transferees has been entered in the Register of members with the permission of Board of Directors. The details of shareholders after transfer of shares is

Name of Shareholder	Number of Shares	%
Mr. Virendra D. Sanghavi	1,24,000	40%
Mrs. Niranjana V. Sanghavi	93,000	30%
Mr. Jaydev V. Sanghavi	62,000	20%

Mrs. Naini V. Kulkarni/Mr. Virendra D. Sanghavi	15,500	5%
Mrs. Ami Jaydev Sanghavi/Mr. Jaydev V. Sanghavi	7,750	2.5%
Mr. Aditya Jaydev Sanghavi/Mr. Jaydev V. Sanghavi	4,650	1.5%
Mr. Ninad Vijay Kulkarni/Mr. Jaydev V. Sanghavi	3,100	1%

7. Dividend Distribution Summary;

Financial Year	Amount of Dividend (₹)	Date of payment	Dividend tax (₹)	%
2016-17	31,00,000	01/03/2017	6,29,222	10
2015-16	62,00,000	19/02/2015	12,62,174	20
2014-15	62,00,000	26/09/2014	10,53,690	20
2013-14	62,00,000	26/03/2014	10,53,690	20
2012-13	62,00,000	04/05/2013	10,05,795	20
2011-12	46,50,000		7,54,347	15
2010-11	46,50,000		7,90,268	15
2009-10	77,49,250		13,17,113	25

8. Disclosures on materially significant related party transactions that may have potential conflict with interest of Company at large;



Annual Report 2016-17

Aarvi Encon Private Limited

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There was no transaction of a material nature with any of the related parties which was in conflict with the interest of the Company.

**For and on behalf of the Board of Directors
Aarvi Encon Private Limited.**

A handwritten signature in black ink, reading "V. D. Sanghavi". The signature is written in a cursive style with a horizontal line underlining the name.

**(Virendra Dalpatram Sanghavi)
Chairman & Managing Director
Din No.:00759176
Date: 12th June, 2017
Place: Mumbai**



"ANNEXURE-I"

FORM No. MGT-09

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and Other details;

i)	CIN	U29290MH1987PTC045499
ii)	Registration date	03/12/1987
iii)	Name of the Company	Aarvi Encon Private Limited
iv)	Category/Sub-category of the Company	Private Limited, Unlisted Company
v)	Address of the Registered Office and Contact details	60/781 Wing, Marathon Innova, Marathon Nexgen Complex Lower Parel (West) Mumbai - 400 013
vi)	Whether listed company Yes/No	No (Unlisted Company)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated;

No.	Sr.	Name and Description of main products/ services	NIC Code of the Products/ Services	% tototal turnover of the Company
1		Manpower Recruitment Services	781	100%

III. Of Holding, Subsidiary and Associate Companies;

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Share s Held	Applicable Section
1	Aarvi Engineering & Consultants Pvt. Ltd. 155, 1 st Floor, Shah & Nahar	U74140MH2007PTC171010	Wholly Owned Subsidiary	100%	86(2)

[illegible]

IV. Shareholding Patterns (Equity Share Capital as percentage of Total Equity)

(i) Category wise Shareholding

[illegible]

(ii) Shareholding of Promoters

(iii) \

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Aarvi Encon Private Limited

			the Company	Pledge/en- cumbered to total shares		Company	Pledge/en- cumbered to total shares	Share- ding during the year
1	Mr. Virendra D. Sanghavi	1,55,000	50	NIL	1,55,000	50	NIL	NIL
2	Mr. Niranjana V. Sanghavi	93,000	30	NIL	93,000	30	NIL	NIL
3	Mr. Jaydev V. Sanghavi	62,000	20	NIL	62,000	20	NIL	NIL

(iii) Change in Shareholding of Promoters.

Sr. No.	Particulars	Cumulative Shareholdings during the year			
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	3,10,000	100	3,10,000	100
2	Date-wise increase/decrease in Promoters' Shareholdings during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweet equity etc.)				
3	At the end of the year	3,10,000	100	3,10,000	100

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs);

Sr. No.	For each of the Top Ten Shareholders	Shareholding at the beginning of the year		Shareholding at the end of year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Mr. Virendra D. Sanghavi	1,55,000	50	1,55,000	50
2	Mrs. Niranjana V. Sanghavi	93,000	30	93,000	30
3	Mr. Jaydev V. Sanghavi	62,000	20	62,000	20

(v). Shareholding of Key Managerial Personnel;

Sr. No.	Particulars	Cumulative Shareholdings during the year			
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the Company
1	At the beginning of the year	2,17,000	70%	2,17,000	70%
2	Date-wise increase/decrease in Promoters' Shareholdings during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweet equity etc.)				
3	At the end of the year	2,17,000	70%	2,17,000	70%

V. Indebtness;

The indebtness will include interest outstanding/accrued but not due etc.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtness
Indebtness at the beginning of the year				
i) Principal Amount	8,41,61,454	-----	-----	8,41,61,454
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total=(initial)	8,41,61,454	-----	-----	7,95,43,742
Change in indebtness during the year				
i) Addition	4,68,06,436	-----	-----	4,68,06,436
ii) Reduction		-----	-----	
Net Change	4,68,06,436	-----	-----	4,68,06,436
Indebtness at the end of the year				
i) Principal Amount	13,09,67,890	-----	-----	13,09,67,890
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total=(initial)	13,09,67,890	-----	-----	13,09,67,890

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director/Whole Time Director and Manager;

Sr. No.	Particulars of Remuneration	Name of the Director	
		Mr. Virendra D. Sanghavi (MD)	Mr. Jeydev V. Sanghavi(ED)
1	Gross Salary		
	a) Salary as per provisions of Section 17(1) of the Income Tax Act, 1961	₹ 82,80,000.00	₹ 54,00,000.00
	b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	₹ 1,12,037.00	
	c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock Options		
3	Sweet Equity		
4	Commission		
	- As .5% profit	₹ 73,11,187.00	₹ 73,11,187.00
	- others		
5	Others: Annual Incentives		
6	Total A	₹ 1,57,03,224.00	₹ 1,27,11,187.00
7	Ceiling as per companies Act, 2013	NA	NA

B. Remuneration to other directors

i) Independent Directors

Particulars of Remuneration	Mr. P. N. Deverajan	Mrs. Niranjana V. Sanghavi
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Fees for attending Board/Committee Meetings	₹ 90,000.00	₹ 80,000.00
Commission		
Others		
Total	₹ 90,000.00	₹ 80,000.00

- ii) Nonexecutive Directors
iii) Remuneration to Key Managerial Personnel other than MD/WTD and Manager

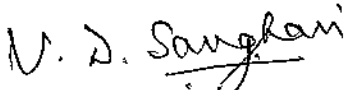
Sr. No.	Particulars of Remuneration	Name of the Director		Total Amount
		MD /CMD/VC	WTD	
1	Gross Salary d) Salary as per provisions of Section 17(1) of the Income Tax Act, 1961			
	e) Value of perquisites under Section 17(2) of the Income Tax Act, 1961			
	f) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961			
2	Stock Options			
3	Sweet Equity			
4	Commission - As % profit - others			
5	Others: Annual Incentives			
6	Total A			
7	Ceiling as per companies Act, 2013	Not Applicable	NA	NA



VII Penalties/Punishment/Compounding of Offences;

Type of Company	Section of Companies Act	Brief Description	Details of Penalty/Punishment /Compounding fees imposed	Authority RD/NCLT/COURT	Appeal made if any
A COMPANY					
	Penalty				
	Punishment			NOT APPLICABLE	
	Compounding				
Director					
	Penalty				
	Punishment				
	Compounding				
C. Other Officers in default					
	Penalty				
	Punishment			NOT APPLICABLE	
	Compounding				

For and on behalf of the Board of Directors
Aarvi Encon Private Limited.


(Virendra Dalpatram Sanghavi)
Chairman & Managing Director
Din No.: 00759176
Date: 12th June, 2017
Place: Mumbai

ANNEXURE-II

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of Company's Corporate Social Responsibility (CSR) Policy, including overview of projects or programs to be undertaken and a reference to web-link to the CSR policy and projects or programs.

Promoting education, promoting preventive healthcare, eradicating hunger, poverty & malnutrition, making available safe drinking water, sanitation facilities, environmental sustainability, maintaining ecological balance, conservation of natural resources, promotion of rural sports and establishment of old age homes.

The CSR Policy adopted by the Board of Directors of the Company on the recommendations of Corporate Social Responsibility (CSR) Committee has been placed on Company's website "www.aarviencon.com".

2. Composition of CSR Committee:

Name	Designation
Mr. Mathew Eappen	Chairman
Mrs. Niranjana V. Sanghavi	Member
Mr. Virendra D. Sanghavi	Member

3. Average Net Profit (as per Section 198 of the Companies Act, 2013) for last three financial years:

Particulars	2015-16	2014-15	2013-14
Net Profit as per Section 198 of the Companies Act, 2013 for the preceding three financial years.	3,12,94,226.00	9,55,16,068.00	8,04,69,984.00

4. (a) Average Net Profit for three years : 6,90,93,426.00
(b) Prescribed CSR expenditure (2% of average net profit) : 13,81,869.00
5. Details of CSR spend for the financial year
 - (a) Total Expenditure approved by the Board : 13,81,869.00
 - (b) Total amount expended during financial year : 11,51,000.00
 - (c) Total sanctioned amount yet to be spent : NIL
 - (d) Total amount yet to be sanctioned : NIL



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: 2,30,869.00

(e) Total amount unspent

6. Purpose for which the amount was spent on CSR during the financial year is detailed below:

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Project or Programs (specify local area)	Amount outlay (budget project or program wise)	Amount spent on projects or programs (1) Direct Expenditure (2) Overheads	Cumulative Expenditure up to reporting period	Amount spent director or through implementing agency
1	Health care, food, sanitation	Promoting Health care, Sanitation	Maharashtra	29,000	29,000	29,000	Ratna Nidhi Charitable Trust, Blind Organization of India, K.K School & Home, Hemophilia Federation (India).
2	Eradication of Poverty, hunger and malnutrition	Eradication of Poverty, hunger and malnutrition	Gujarat	27,250	27,250	27,250	PNR Society, The Rotary District 3141 Majors
4	Promotion of Social Welfare, Building learning centers.	Promotion of Social Welfare, Building learning centers.	Gujarat	3,50,000	3,50,000	3,50,000	Manav Seva Dharm Samrudhi Trust
5	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Maharashtra	2,31,000	2,31,000	2,31,000	Bombay South Rotary Club

6	Promotion of Education, Research etc.	Promotion of Education, Research etc.	Maharashtra	5,00,000	5,00,000	5,00,000	Institute of Chemical Technology
7	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Maharashtra	13,750	13,750	13,750	Helpage India, The Child Health Foundation, etc.
7	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Maharashtra	1,75,100.00	1,54,100.00	1,54,100.00	Muskan Foundation, Helpage India, The Child Health Foundation, Dilasha Sans than, World Vision India, etc.
Total				11,51,000	11,51,000	11,51,000	

7. The Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013 as the Company is in process to identify charitable organization, NGOs partners to actively support and channelize the activities/projects/ programmes to be undertaken in line with its CSR objectives. The Company has made adequate arrangements to expend balance amount of CSR Expenditure as required according to the provisions of the Companies Act, 2013 during the current financial year. The company is undertaking its Corporate Social Responsibility activities through various Section 8 Companies, Registered Trusts and Registered Societies. These Companies, Trusts and Societies have established trace record of more than three years in undertaking similar programs or projects and the company has specified the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism. The

ANNEXURE-III

Form No. AOC-2

[Pursuant to Claus (h) of Sub Section (3) of Section 134 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangement or transactions at arms' length basis.

Not Applicable

2. Details of material contracts or arrangement or transaction at arms' length basis


Name(s) of Related Party	Nature of relationship	Nature of contract/arrangement /transaction	Duration of contract/arrangement /transaction	Silent terms of contract or arrangement including the value, if any	Date(s) of approval	Amount paid as advance, if any
Aarvi Engineering & Consultants Pvt. Ltd.	Wholly Owned Subsidiary	Unsecured Loan Given	Continuous period	9,03,957		
Mr. Virendra D. Sanghavi	Managing Director	Remuneration	Continuous period	1,57,03,224		
Mr. Jaydev V. Sanghavi	Executive Director	Remuneration	Continuous period	1,27,11,187	Omnibus approval by company at the Board meeting held on 01 st April, 2016	
Aarvi Engineering & Consultants Pvt. Ltd.	Wholly Owned Subsidiary	Interest received	Continuous period	1,37,443		
Mrs. Niranjana D. Sanghavi	Director	Rent Paid	Continuous period	4,80,000		
Mrs. Niranjana D. Sanghavi	Director	Sitting Fees paid	Continuous period	80,000		
Mr. P.N. Devarajan	Independent Director	Sitting Fees paid	Continuous period	90,000.00		




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Company has made adequate arrangements to expend balance amount of CSR Expenditure as required according to the provisions of the Companies Act, 2013 during the current financial year.

8. We hereby confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

Signature 
Mathew Eappen
Chairman of the CSR Committee


Signature _____
Jaydev V. Sanghavi
Executive Director
Din No.: 00759042

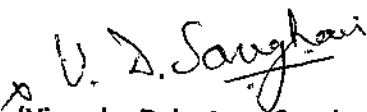
Date: 12th June, 2017
Place: Mumbai



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Mr. Ninad Kulkarni	Related to Directors	Remuneration	Continuous period	50,000	
M/s. Aarvi IT Services	Related to directors	Professional Fees	Continuous period	14,375	
Mrs. Ami J. Sanghavi	Related to Director	Remuneration	Continuous period	4,62,000	
Mr. Aditya J. Sanghavi	Related to Director	Remuneration	Continuous period	1,98,000	
Mrs. Naini N. Kulkarni	Related to Director	Remuneration	Continuous period	10,50,000	

For and on behalf of the Board of Directors
Aarvi Encon Private Limited.


(Virendra Dalpatram Sanghavi)
Chairman & Managing Director
Din No.: 00759176
Date: 12th June, 2017
Place: Mumbai

