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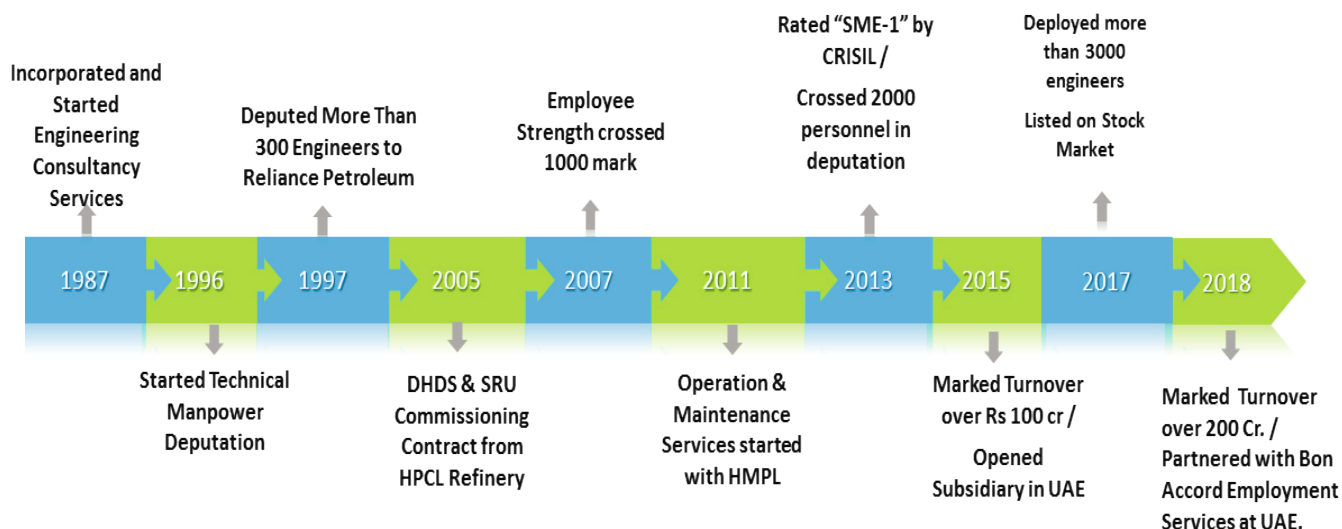
Building Manpower in India



20,000+ Engineers Deputed, Till Date...

Website : www.aarviencon.com

Milestones



Awards



NOCIL Award from Indian Institute of Chemical Engineers - 1993



CFBP Jamnalal Bajaj Awards for Fair Business Practices for 2015 given by late President Dr. APJ Abdul Kalam



CDC National Award for Excellence in Consultancy Services from Consultancy Development Centre - 1997



Certificate of Excellence For "25 Fastest Growing BPM Companies in India"



HSE Excellence Award in recognition for Safe Contractor from Cairn India Limited - 2013



SME Business Excellence Award 2014 from Times Group, Dun & Broadcasting and Federal Bank - 2014



Yes Bank Star SME Award from Business Today - 2011



India Business Excellence from Worldwide Business Review - 2017

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Aarvi Encon Limited Board of Directors and Committees

Board of Directors

Mr. Virendra D. Sanghavi -
Managing Director

Mr. Jaydev V. Sanghavi -
Executive Director and CFO

Mrs. Niranjana V. Sanghavi -
Non-Executive Director

Mr. Devendra J. Shrimanker
Independent Director

Mrs. Sonal N. Doshi
Independent Director

Mrs. Padma V. Devarajan
Independent Director

M/s. Arvind H. Shah & Co.,
Statutory Auditors

M/s. Sunil Agarwal & Co.,
Secretarial Auditor

Bigshare Services Private Limited
Registrar and Transfer Agent (RTA)

Bankers:-

Yes Bank Ltd
CITI Bank N.A
SBI Bank
Bank of Baroda
HDFC Bank
HSBC Bank

**Board Committees
Audit Committee**

Mr. Devendra J. Shrimanker –
Chairperson

Mrs. Sonal N. Doshi – Member

Mr. Padma V. Devarajan – Member

Mr. Jaydev V. Sanghavi – Member

**Nomination and Remuneration
Committee**

Mr. Devendra J. Shrimanker –
Chairperson

Mrs. Sonal N. Doshi – Member

Mrs. Niranjana V. Sanghavi - Member

**Stakeholders Relationship
Committee**

Mrs. Sonal N. Doshi – Chairperson

Mr. Devendra J. Shrimanker – Member

Mr. Jaydev V. Sanghavi – Member

**Corporate Social Responsibility
(CSR) Committee**

Mr. Virendra D. Sanghavi – Chairperson

Mrs. Niranjana V. Sanghavi – Member

Mrs. Sonal N. Doshi - Member

Finance and Management Committee

Mr. Virendra D. Sanghavi – Chairperson

Mr. Jaydev V. Sanghavi – Member

Mrs. Niranjana V. Sanghavi - Member

**Company Secretary and Compliance
Officer**

Jay H. Shah

Registered Office:-

B1-603, Marathon Innova, Marathon
NextGen, Lower Parel (W),
Mumbai – 400 013.

MANAGING DIRECTOR'S MESSAGE
YEAR 2018 – 2019



Dear Shareholders,

It gives me immense pleasure to present you the 31st Annual Report on the performance of your company for the financial year 2018 – 2019.

You will be glad to know that your company performed well for the year 2018-2019. This is Second year after your company went Public, and got listed on NSE Emerge, the SME growth platform.

Your Company turnover has increased from Rs. 173.43 Crores in F.Y. 2017-2018 to Rs. 206.03 Crores in FY 2018-2019 reflecting 19% growth and net profit of Rs. 7.77 Crores in FY 2017-2018 increased to Rs. 9.11 Crores in FY 2018-2019 reflecting 17% growth.

The Company has been rated as SME-1 by CRISIL for 'Highest Credit Worthiness' for 12 years at a stretch. Clients are happy with our services and major clients have issued certification of Satisfaction. Major Client CAIRN India, have given us certificate of Best Safe Contractor and Millions of hours of work without loss of time. We appreciate our employees, vendors and clients for this performance.

The Company has decided to enter into IT staffing and have set up offices at Bangalore and Pune. We have decided to set up new offices at Hyderabad and Delhi / NCR for IT Staffing.

New verticals for growth are being identified like 'Cross-Country Pipeline Operation and Maintenance, Solar Plant Installation Supervision in India and Middle East. Operation & Maintenance of Solar Plants are being pursued. We are proud to be associated with One of Largest Renewable Energy Company for their largest Solar plant in Abu Dhabi, in addition to number of plants in India. We are also fortunate to receive large order from one of the largest refinery Company for their design unit at Navi Mumbai. We are happy to inform

you that we have been associated with various refineries for deputation of Engineers for Bharat stage VI projects.

You will be glad to know that our Sharjah FZE based company is doing good work along with 'Bon Accord' company based in Abu Dhabi. The turnover of the company is Rs. 14.10 Crores and net profit of approximate Rs. 2.73 Crores. These figures are growing fast and we expect very good result in FY 2019-2020 also with over 50% growth.

General Election in the country had some negative effect for last quarter as most of government tenders were not opened and extended. We hope for better half in 2019-2020 as these tenders are getting attended now.

Your Company has fulfilled its obligation and in the field of CSR activities and spent over Rs. 10.45 Lacs for the year 2018-2019 by supporting Educational Institutes and medical facilities to needy persons.

The Board has proposed dividend of 10% i.e. Rs. 1 per equity share, subject to the approval of the members of the Company at the ensuing Annual General Meeting.

The Company has appointed Shri. A. B. Toshar, retired Executive Director of HPCL as Technical Advisor to help growth of the company and suggest new avenues of business. The Company is also working for LNG Plants and also provide safety Engineers to various Oil & Gas units.

New Softwares are being adopted to improve efficiency of working staff in Accounts, Recruitment and Operations. Training is being imparted at all levels to improve productivity. We are confident that all our measures will improve performance of your company.

At this juncture, I would like to express my gratitude to all stake holders for their continuing faith in the company.

Thanking you once again and assure you of better results in future.

Your Sincerely

VIRENDRA D. SANGHAVI
(MANAGING DIRECTOR)

NOTICE OF 31ST ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY

Notice is hereby given that 31st Annual General Meeting (Second AGM post IPO of the Company) of Aarvi Encon Limited will be held on Tuesday, 06th August, 2019, at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai – 400001 at 11.30 P.M., to transact following business:-

ORDINARY BUSINESS:-

1. To consider and adopt (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

(a) **“RESOLVED THAT** the audited standalone financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

(b) **“RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To Appoint a Director in place of Mr. Virendra D Sanghavi, Managing Director of the Company, who retire by rotation and being eligible, offered himself for re-appointment.

“RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Virendra D. Sanghavi (DIN: 00759176), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

3. To Declare a Dividend on equity shares for the financial year ended March 31, 2019 and in this regard, pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT a dividend @10% i.e Rs. 1/- (Rupees One only) per equity share of ₹ 10/- (Ten rupees) each fully paid-up of the Company be and is hereby approved for the financial year ended March 31, 2019 and the same be paid as recommended by the Board of Directors of the Company, out of the profits

of the Company for the financial year ended March 31, 2019.”

4. Revision in Remuneration of Mr. Virendra D. Sanghavi, Managing Director of the Company.

To Consider and if thought fit, to pass the following resolution unanimously as an Ordinary Resolution;

“RESOLVED THAT in supersession of the earlier resolution passed by the Board at its meeting held on 17th June, 2017, pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company, approval of the Members be and is hereby accorded for 10% increase in the monthly remuneration i.e 9,90,000/- per month (Earlier 9,00,000/- per month) of Mr. Virendra D. Sanghavi (DIN: 00759176), Managing Director of the Company. In the event of there being loss or inadequacy of profit for any financial year, the maximum remuneration payable to Mr. Virendra D. Sanghavi in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 shall not exceed Rs. 1,68,00,000/- (Rupees One Crore Sixty Eighty Lakhs Only) per annum, which includes salary of Rs. 1,18,80,000 (Rupees One Crore Eighteen Lakhs Eighty Thousands Only) per annum and commission up to 0.50% of Gross Sales of the previous financial year.

RESOLVED FURTHER THAT Mr. Virendra D. Sanghavi shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to vary and/or modify the terms and conditions of remuneration within the overall limits approved herein and settle any question or difficulty in connection therewith and incidental thereto and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to decide breakup of the remuneration within the above said maximum permissible limit and in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts deeds, things and execute all such documents as may be considered necessary, in order to give effect to the foregoing resolution and to file all documents and returns with the Registrar of Companies, Maharashtra, Mumbai.”

5. Revision in Remuneration of Mr. Jaydev V. Sanghavi, Executive Director of the Company.

To Consider and if thought fit, to pass the following resolution unanimously as an Ordinary Resolution;

“**RESOLVED THAT** in supersession of the earlier resolution passed by the Board at its meeting held on 17th June, 2017, pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company, approval of the Members be and is hereby accorded for 10% increase in the monthly remuneration i.e 7,70,000/- per month (Earlier 7,00,000/- per month) of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director of the Company. In the event of there being loss or inadequacy of profit for any financial year, the maximum remuneration payable to Mr. Jaydev V. Sanghavi in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 shall not exceed Rs. 1,68,00,000/- (Rupees One Crore Sixty Eight Lakhs Only) per annum, which includes salary of Rs. 92,40,000/- (Rupees Ninety Two Lakhs Forty Thousands Only) per annum and commission up to 0.50% of Gross Sales of the previous financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts deeds, things and execute all such documents as may be considered necessary, to give effect to the foregoing resolution and to file all documents and returns with the Registrar of Companies, Maharashtra, Mumbai.”

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013.

ORDINARY BUSINESS:-

A. Revision in Remuneration of Mr. Virendra D. Sanghavi, Managing Director of the Company.

The Board has passed the resolution for change in remuneration of the whole time directors of the Company on 17th July, 2017 and which was approved by the members of the Company in its meeting held on 24th July, 2017. Now the Company intends to increase the monthly remuneration of its whole time Directors of the Company by 10%.

Existing Compensation is as follows;

Mr. Virendra D Sanghavi, Managing Director

A) Yearly Remuneration – Rs. 1.08 Cr. (Rs. 9 Lakhs per month).

B) Eligible 0.5 % Commission – Max. upto Rs. 60 Lakhs

Total Limit – Rs. 1,68,00,000/- (Fixed as per the Section 197 and Schedule V of the Companies Act, 2013 by the Members at its meeting held on 24th July, 2017).

Proposed Compensation is as under;

A) Yearly Remuneration – Rs. 1.18 Cr. (Rs. 9.9 Lakhs per month).

B) Eligible 0.5 % Commission – Max. upto Rs. 49.2 Lakhs.

Total Limit – Rs. 1,68,00,000/- (Fixed as per the Section 197 and Schedule V of the Companies Act, 2013 by the Members at its meeting held on 24th July, 2017)

Except Mr. Virendra D. Sanghavi, None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financial or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any.

Accordingly the Board recommends the said resolution for the revision in remuneration of Mr. Virendra D. Sanghavi, Managing Director of the Company.

B. Revision in Remuneration of Mr. Jaydev V. Sanghavi, Executive Director of the Company.

The Board has passed the resolution for change in remuneration of the whole time directors of the Company on 17th July, 2017 and which was approved by the members of the Company in its meeting held on 24th July, 2017. Now the Company intends to increase the monthly remuneration of its whole time Directors of the Company by 10%.

Existing Compensation is as follows;

A) Yearly Remuneration – Rs. 84 Lakhs P.A. (Rs. 7 Lakhs per month).

B) Eligible 0.5 % Commission – Max. upto Rs. 84 Lakhs

Total Limit – Rs. 1,68,00,000/- (Fixed as per the Section 197 and Schedule V of the Companies Act, 2013 by the Members at its meeting held on 24th July, 2017).

Proposed Compensation is as under;

A) Yearly Remuneration – Rs. 92.40 Lakhs P.A. (Rs. 7.7 Lakhs per month).

B) Eligible 0.5 % Commission – Max. upto Rs. 75.60 Lakhs

Total Limit – Rs. 1,68,00,000/- (Fixed as per the Section 197 and Schedule V of the Companies Act, 2013 by the Members at its meeting held on 24th July, 2017).

Except Mr. Jaydev V. Sanghavi, None of the Directors or Key Managerial Personnel of the Company or their relatives is/are, in any way, concerned or interested, financial or otherwise, in the proposed resolution except to the extent of their respective shareholding in the Company, if any.

Accordingly the Board recommends the said resolution for the revision in remuneration of Mr. Jaydev V. Sanghavi, Executive Director of the Company.

**For and on behalf of the Board of
Aarvi Encon Limited**

**Jay H. Shah
Company Secretary and Compliance Officer**

Date :
Place : Mumbai

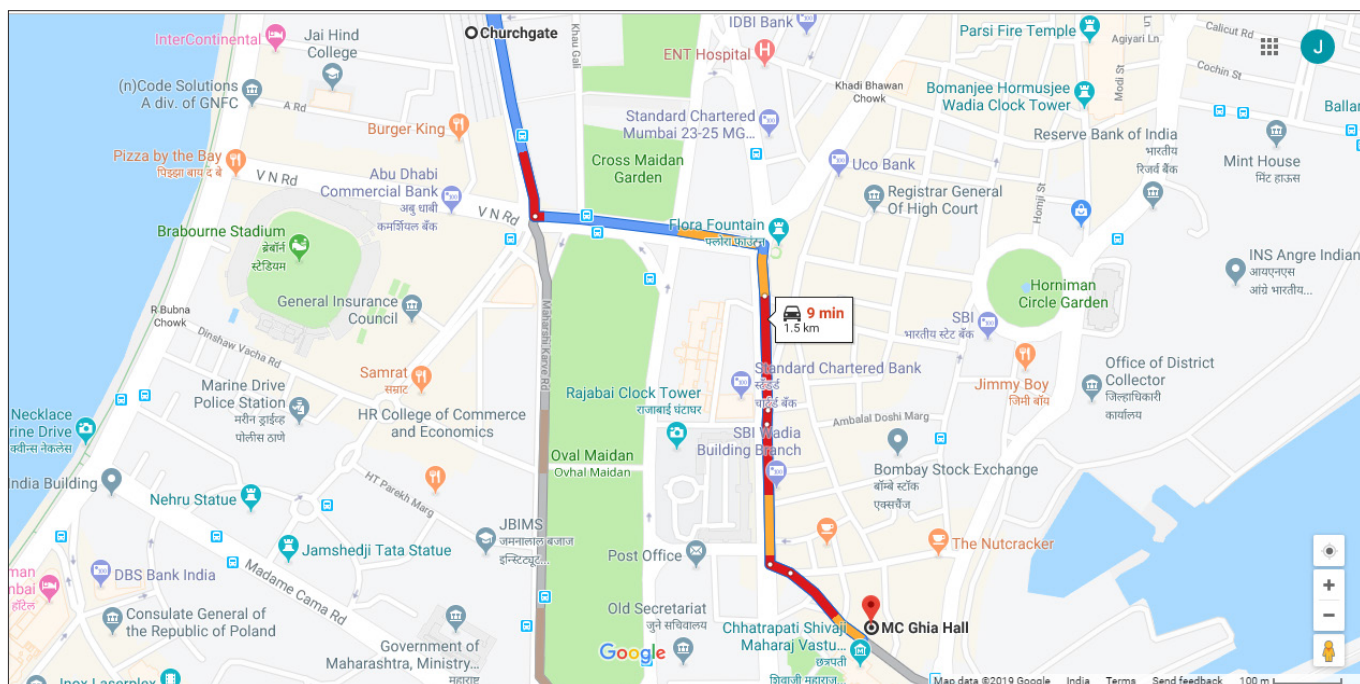
NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED 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. Explanatory Statement according to the provisions of Section 102 of the Companies Act, 2013 read with The Company (Management and Administration) Rules, 2014, is annexed hereto.
4. 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 to the date of Annual General Meeting between 2.00 P.M to 5.00 P.M.
5. Members are requested to notify immediately if any change in their addresses and other communication details.
6. All the documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company between 2.00 p.m. to 5.00 p.m. on any working day except Saturdays up to the date of this 31st Annual General Meeting of the Company.
7. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified true copy of Board resolution together with their specimen signature authorizing their representative to attend and vote on their behalf at the meeting.
8. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement

- of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts.
10. Details pursuant to Regulation 36 of the SEBI (LODR) Regulations, 2015 read with Secretarial Standard -2 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
11. The notice of AGM along with Annual Report for 2018 - 19 is being sent by electronic mode to all the members whose email IDs are registered with the Company/ Depository Participant(s) unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.
12. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately the change in the residential status on return to India for permanent settlement.
13. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or its RTA quoting their Folio number or their Client ID number with DPID number, as the case may be.
14. This notice is being sent to all members of the Company whose name appears in the Register of Members/ list of beneficiaries received from the depositories on the end of 05th July, 2019.
15. The entry to the meeting venue will be regulated by means of attendance slips. For attending the meeting, members, proxies and authorized representatives of the members, as the case may be, are requested to bring the enclosed attendance slip completed in all respects, including client ID and DP ID, and signed. Duplicate attendance slips will not be issued.
16. All members are requested to support Green Initiative of the Ministry of Corporate Affairs, Government of India and register their email addresses to receive all these documents electronically from the Company in accordance with Rule 18 of the Companies (Management & Administration) Rules 2014 and Rule 11 of the Companies (Accounts) Rules 2014. All the aforesaid documents have been uploaded on and are available for download from the Company's website, being www.aarviencon.com. Kindly bring your copy of Annual Report to the meeting.
17. Rule 3 of the Companies (Management and Administration) Rules 2014 mandates that the register of members of all companies should include details pertaining to email address, permanent account number (PAN) or CIN, unique identification number, if any; father's / mother's / spouse's name, occupation, status, nationality; in case member is a minor, name of guardian and the date of birth of the member, and name and address of nominee. All members are requested to update their details as aforesaid with their respective depository.
18. No gifts shall be provided to members before, during or after the AGM.
19. Members may pursuant to section 72 of the Companies Act 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules 2014 file nomination in prescribed form SH-13 with the respective depository participant.
20. A route map showing direction to reach the venue of the 31st AGM is given at the end of this notice as per the requirement of Secretarial Standards -2 on General Meeting.
- For and on behalf of
Aarvi Encon Limited**
- Jay H. Shah
Company Secretary and
Compliance Officer**

ROUTE MAP

to the venue of the 31st Annual General Meeting of the Company to be held on Tuesday, 06th August, 2019.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 31st Annual Report on business and operations of the Company together with the Audited Financial Statements for the year ended on 31st March, 2019.

FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The financial results for the year ended on 31st March, 2019 and the corresponding figures for the previous year are as under;

BUSINESS OVERVIEW/OUTLOOK.

1. HIGHLIGHTS:-

CONSOLIDATED PERFORMANCE

Your Company has reported growth in revenue and significant increase in the net profit for the year ended

on 31st March 2019. Revenue from operations at Rs. 206.03 Cr. as against Rs. 173.48 Cr. of previous year increased by 19% year on year, reflecting better results than the previous year performance in key markets and segments. Operating profit at Rs. 10.61 Cr. as against Rs. 9.54 Cr. of previous year. The Operating Profit increased by 17 % of previous year. This was good financial year for the company.

STANDALONE PERFORMANCE

The Company has reported growth in revenue and net profit for the year ended on 31st March 2019. Revenue from operations at Rs. 191.93 Cr. as against Rs. 168.87 Cr. of previous year increased by 14 % year on year, reflecting better results than the previous year performance in key markets and segments. Operating profit at Rs. 7.90 Cr. as against Rs. 8.05 Cr. of previous year.

Particulars	Standalone (Rs.in crores)		Consolidated (Rs.in crores)	
	Year ended 31 st March, 2019	Year ended 31 st March, 2018	Year ended 31 st March, 2019	Year ended 31 st March, 2018
Net Revenue from				
Operations	191.93	168.87	206.03	173.48
Other Income	1.20	1.21	1.20	1.53
Total Income	193.13	170.09	207.24	175.01
Total Expenditure	185.23	162.03	196.62	165.47
Profit before tax	7.90	8.05	10.61	9.54
Current Tax	1.30	1.86	1.29	1.92
Deferred Tax	0.22	0.03	0.20	(0.15)
Profit after taxes	6.37	6.16	9.11	7.77

2. SHARE CAPITAL

The Total Paid-up Capital of the Company as on March 31, 2019 is Rs. 14,78,84,000/- divided into 1,47,84,000/- equity shares of Rs.10/- each. There has not been any new issue of share during the year under review.

3. DIVIDEND

The Board of Directors of the Company has recommended a dividend 10% i.e Rs. 1 per fully paid-up Equity Share of the face value of Rs.10/- each of the Company subject to the approval of the Members at the

ensuing Annual General Meeting, for the financial year 2018-19

4. RESERVES

The Balance in Reserves & Surplus stands at Rs. 49,33,78,209/- in comparison with the previous year balance of Rs. 43,85,22,881/-.

5. DEPOSITORY SYSTEM

Your Company's equity shares are in demat form only. The Company has appointed National Securities

Depository Limited and Central Depository Services India Limited as depositories to the Company.

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the SEBI Listing Regulation, 2015 and the Companies Act, 2013, The Board has been constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has three Independent Directors i.e Mr. Devendra J Shrimanker, Mrs. Sonal N. Doshi, Mrs. Padma V Devarajan, Mr. Virendra Sanghavi, Managing Director & Promoter, Mr. Jaydev V. Sanghavi, Executive Director, Chief financial officer (CFO) & Promoter and Mrs. Niranjana V. Sanghavi, Non-Executive Director.

Mr. Virendra D. Sanghavi retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice of 31st AGM.

Pursuant to the provisions of Section 149 of the Act, The Independent Directors of the Company, Mr. Devendra J Shrimanker, Mrs. Sonal N Doshi and Mrs. Padma V Devarajan, Independent Directors of the Company have confirmed to the board that they meet the criteria of independence as specified under section 149 (6) of the Companies Act, 2013 along with Rules framed there under and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2019 are: Mr. Virendra D Sanghavi, Managing Director, Mr. Jaydev V Sanghavi, Executive Director and Chief Financial Officer (CFO) and Mr. Jay H. Shah, Company Secretary.

7. NUMBERS OF THE MEETING OF THE BOARD.

Four Meeting of the Board were held during the year under review. For details of meeting of the Board, please refer to the Corporate Governance Report, which is a part of this Report.

8. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the Directors was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the board as a whole and the Chairman of the Company were evaluated, taking into account the views of executive directors and non-executive directors and the Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

9. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION AND OTHER DETAILS

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act available on <https://www.aarviencon.com>.

10. 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 I" in Form No. AOC-2."

11. STATUTORY AUDITOR

At the 29th AGM held on 15th July, 2017, the Members approved the appointment of M/s. Arvind H. Shah & Co., Chartered Accountants, having registration number

(ICAI Firm Registration No. 100577W), as Statutory auditors of the Company for a term of five years to hold the office from the conclusion of that AGM till the conclusion of 34th Annual General Meeting subject to ratification of their appointment by Members at every AGM, if so required under the Act.. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

12. AUDITORS' REPORT AND SECRETARIAL AUDIT REPORT

The report of the statutory auditors on Standalone Financial statements as well as Consolidated Financial Statements forms a part of the Annual Report. There were no adverse remarks/qualification, Reservations or remarks given by the Statutory Auditor on the financials of the company.

The Secretarial Audit Report also do not contain any adverse remarks/qualified remarks except comments made by the Secretarial Auditor. The Report is enclosed as Annexure - II to this Report.

Based on the comments made by the Secretarial Auditor in his report of the Company in regards to the delayed reporting of the events to the RBI, the Board states that the Company has incorporated one subsidiary Company at UK and there were some events during the incorporation process which were reported late to the RBI. Hence the Company has filed the compounding application to make good the compliance and comply with those reporting requirements with the RBI. As such there is no material impact of the same on the financials statements of the Company or on its subsidiary Companies.

13. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

As per the provision of Section 138 of the Companies Act, 2013, the Company has devised a proper system to check the internal controls and functioning of the activities and recommend ways of improvement. Internal Audit is carried out timely. The internal financial controls with reference to financial statements as designed and implemented by the Company. During the year under review, no material or serious observation is received from the Internal Auditor of the Company for inefficiency and inadequacy of such controls.

14. ANNUAL RETURN

Pursuant to the section 92(3) of the Companies Act, 2013 substituted by the Companies Amendment Act, 2017 w.e.f 31.07.2018 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, An Annual return in Form MGT 7 once prepared shall be placed on the website of the Company i.e <https://www.aarviencon.com/home/announcements>.

15. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There is no material transaction occurred during the year.

16. CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, the Company has formulated a Corporate Social Responsibility (CSR) Committee and recommended to the Board a CSR Policy indicating the activities to be undertaken by the Company and the same was duly approved by the Board. The CSR Policy can be accessed on the Company's website i.e www.aarviencon.com

During the year the Company has spent Rs. 10,45,490/- on CSR Activities. The Report on the CSR Activities is annexed herewith to the Boards Report.

17. VIGIL MECHANISM

Pursuant to the provision of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014, a "Vigil Mechanism Policy" for Directors and Employees of the Company is in place, to report their genuine concern of any violation of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, unethical behavior, actual or suspected fraud or violation of the Company's code of conduct etc. during the year under review, no such complaints were received.

The details of the "Vigil Mechanism Policy" are available on the website of the Company i.e www.aarviencon.com

18. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN SUCH MANNER AS MAY BE PRESCRIBED;

The information pertaining to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are as stated below:

A) Conservation of Energy

1. The steps taken or impact on conservation of energy;

The Company applied strict control system to monitor day to day power consumption. The Company ensures optimal use of energy with minimum extent of wastage as far as possible. The day to day consumption is monitored in an effort to save energy.

2. The Capital Investment on Energy Conservation Equipment.

The Company has not made any capital investment on energy conservation equipment.

B) Technology Absorption:-

The Company has no activities relating to technology absorption.

c) Foreign Exchange Earnings and Outgo;

Particulars	2018 – 19 Rs.	2017 – 18 Rs.
Foreign Exchange Earnings in terms of actual inflows	3,90,550/-	4,22,927/-
Foreign Exchange outgo in terms of actual outflow	13,87,919/-	15,36,828/-

19. REVIEW OF SUBSIDIARY AND ASSOCIATE COMPANIES:-

The Company has 3 subsidiary Companies as on March, 2019, There are no associates or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiary companies.

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

Aarvi Encon FZE is a Wholly Owned Subsidiary of Aarvi Encon Limited. Aarvi Encon FZE has generated Rs. 14,10,28,806/- as revenue during the Financial Year under consideration.

Aarvi Engineering & Consultants Private Limited, a Wholly Owned Subsidiary of the company engaged in Consultancy Services had no operation during the year under review. 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 Resources Ltd (AERL) incorporated at United Kingdom (UK), which is a wholly owned Subsidiary Company of the Company. The Company yet to start its operation. The accounts of the AERL will be consolidated with the Company.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-3 is attached herewith to the financial statements of the Company as Annexure - IV.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries are available on the website of the Company https://www.aarviencon.com/home/financial_reporting.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPARTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There are no significant and material orders passed by regulators or courts or tribunals imparting the going concern status and Company's operation in future.

21. DEPOSITS

Your Company did not accept/ hold/ any deposits from public/shareholders during the year under review.

22. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

The Company has not given any loan or guarantee covered under provision of Section 186 of the Companies Act, 2013.

23. TRANSACTIONS WITH RELATED PARTIES

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form No. AOC-2 and the same forms part of this report.

24. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In accordance with Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder, the Company has formed an Internal Complaints Committee and also framed and adopted the policy for Prevention of

Accordingly the Company has submitted its aforesaid statement as under;

(Rs. in lakhs)

Sr. No.	Particulars	As per the Prospectus dated 14 th September, 2017	Actual Utilization of Issue Proceeds till 31/03/2018	Unutilized Issue Proceeds till 31/03/2018	Deviation, if any.
1.	Working Capital Requirements	1078.00	1485.40	-	407.40
2.	Acquisitions and Other Strategic Initiatives	400.00	-	400.00	-
3.	General Corporate Purposes	415.00	-	-	(415.00)
4.	Issue Expenses	231.36	238.96	-	7.60
	Total:-	2124.36	1724.36	400.00	

26. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invest in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company thrust is on the promotion of talent internally through job rotation and job enlargement.

Total Employees : 3901
Total Addition in Employees During FY- 18-19 : 506
No. of Women Employees : 168

Sexual Harassment at Workplace. The following is the summary of Sexual Harassment complaints received and disposed off during the year 2017-18.

No. of Complaints received : NIL
No. of Complaints Disposed off : NIL

The Annual Report under the aforesaid Act has been filed with the Labour Commissioner, Mumbai.

25. STATEMENT OF DEVIATION AND/ OR VARIATION IN UTILIZATION OF PUBLIC ISSUE PROCEEDS PURSUANT TO REGULATION 32 OF SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

As per Regulation 32 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the listed entity shall submit to the stock exchange the statement indicating deviation, if any in the use of proceeds from the objects stated in the offer document, indicating category wise variation (capital expenditure, sales and marketing, working capital etc.) between projected utilization of funds made by it in its offer document, as applicable and the actual utilization of funds.

27. QUALITY INITIATIVES

In F.Y. 2019, the Company successfully completed the annual ISO surveillance audit and OHSAS Safety Audit and retained the enterprise-wide ISO certification for ISO 9001:2015 and OHSAS 18001: 2007.

28. PARTICULARS OF EMPLOYEES

The Company has no employee, who is in receipt of remuneration of Rs. 8,50,000/- per month or Rs. 1,02,00,000 per annum and hence the Company is not required to give information under sub rule 2 and

3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

29. CREDIT RATING

Your Company's Domestic Credit Rating is CRISIL SME Rating 1 for the long-term debt /facilities/NCDs by CRISIL. CRISIL has reaffirmed its ratings i.e BBB/ STABLE for long term borrowings and A3 + for short term borrowings. 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.

30. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that :

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for

safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- (d) They have prepared the annual accounts on a going concern basis;
- (e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. ANNUAL LISTING FEES TO THE STOCK EXCHANGES

Aarvi Encon Limited listed its equity shares on the SME Emerge Platform of NSE Limited. The listing fees duly paid to the exchange and annual custodial fees has been paid to CDSL and NSDL for the F.Y. 2019 -20.

32. ACKNOWLEDGEMENT

Your Directors takes this opportunity to thank all Government Authorities, Bankers, Shareholders, Registrar & Transfer Agents, Investors and other Stakeholders for their assistance and co-operation to the Company. Your Directors express their deep sense of appreciation and gratitude towards all employees and staff of the company and wish the management all the best for further growth and prosperity.

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

sd/-
Virendra D. Sanghavi
Managing Director
DIN: 00759176

Date :
Place : Mumbai

sd/-
Jaydev V. Sanghavi
Executive Director
DIN:- 00759042

MANAGEMENT DISCUSSION AND ANALYSIS

One of the direct impacts of a changing business ecosystem on companies has been on their talent demands. This has meant that staffing industry in India have a larger role to play in upcoming years. Helping organizations in predicting and meeting their talent demands, staffing firms can help such companies successfully navigate incoming changes and focus on their core business. Organizations today have an undeniable need to focus on innovation, maintain an unwavering commitment for achieving results, so they look for specialist for project hire in a definite time and all this while creating a positive workplace culture. With these aspects in focus, the Staffing industry in India is emerging in all its regions including Technical and Engineering sectors. The Technical Staffing Opportunity is available in the industries like:

- Oil and Gas / Refinery
- Engineering Outsourcing
- Renewable Energy
- City Gas Distribution
- Pipeline
- IT Staffing

OIL AND GAS / REFINERY:

India plans to shift to Bharat VI emission :

Indian government on the recommendation of central pollution control board adopted the boldest move to curb air pollution, the government has decided to advance the standard for cleaner cars and leapfrog to Bharat Stage-VI emission norms countrywide by April 2020 as its deadline. The norms were introduced in 2000. With appropriate fuel and technology, they limit the release of air pollutants such as nitrogen oxides, carbon monoxide, hydrocarbons, particulate matter (PM) and sulphur oxides from vehicles using internal combustion engines. As the stage goes up, the control on emissions become stricter. Thus Bharat Stage VI norms are two stages ahead of the present Bharat Stage IV norms in regulating emissions.

BS-IV fuels contain 50 parts per million (ppm) sulphur, the BS-VI grade fuel only has 10 ppm sulphur. BS VI can bring PM in diesel cars down by 80 per cent. So, all the refineries are implementing BS VI which requires large number of engineers for their projects.

Oil refineries will need to invest Rs 80,000 crore in upgrading petrol and diesel quality to meet cleaner Euro-IV/V fuel specifications by 2020. As the required infrastructure for production of BS-VI fuels are being developed in oil refineries, the Committee recommend the Ministry to strictly

adhere to the implementation schedule of BS-VI by 2020 so that 'One Country - One Fuel Norm' will become a reality."

- **Refinery and petrochemical projects are planned which will lead to employment generation in the country.**

India's Petroleum, Chemicals and Petrochemicals industry is well established and has grown steadily over the years. The industry is crucial for the development of manufacturing sector in India as it provides building blocks for various downstream sectors such as pharmaceuticals, agriculture, textiles etc.

Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) were conceptualised to sustain the growth of the sector by providing quality infrastructure, competitive business environment and Viability Gap Funding (VGF). The PCPIRs would bring together manufacturing facilities, logistic and other services, required infrastructure, residential and administrative areas which will indirectly boost employment in the country.

Around Rs 1.83 lakh crore has been invested and over 3 lakh people have been employed so far in four petrochemical investment regions says Indian Government.

Upon completion, these PCPIRs will have an estimated investment of approximately Rs 8 lakh crore and are expected to generate employment for approximately 40 lakh people. So far, around Rs 1,83,000 crore have been invested in these PCPIRs and more than 3 lakh people have been employed," the minister was quoted as saying in the statement.

On the successful implementation of PCPIR in Gujarat, Mandaviya said ONGC Petro Additions Ltd (OPaL) has been established as the anchor unit at Dahej. As many as 170 industrial units are already functional, while over 830 units are in different stages of implementation at PCPIR Dahej, the minister said, adding that Rs 86,000 crore have been invested so far generating 1,32,000 jobs.

ENGINEERING OUTSOURCING

The engineering sector in India attracts immense interest from foreign players.

The Indian Engineering sector has witnessed a remarkable growth over the last few years driven by increased

investments in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.

The engineering sector is a growing market. Spending on engineering services is projected to increase to US\$ 1.1 trillion by 2020. The Government of India has also taken initiatives to provide a level playing field to domestic and foreign private players bidding for the government contracts in defence sector. The government has withdrawn excise and customs duty exemptions granted to goods manufactured and supplied to the defence ministry by state-owned defence firms.

Our employment landscape is changing and it's clear that contract staffing has come to be one of the most effectively viewed labour solutions.

MULTINATIONAL COMPANIES OPENING ENGINEERING OFFICE IN INDIA OUTSOURCES MORE THAN 20% OF THE MANPOWER RECRUITMENT ON CONTRACT.

Of late, the concept of contract staffing or recruiting job candidates via third party staffing companies has gone up considerably in the Indian recruitment scenario. Businesses in India – domestic and multinational corporate have resorted to the idea of temporary hiring and have started outsourcing recruitment via numerous staffing companies. Currently, India has the third largest contract staffing workforce in the world, after China and the US. The Government of India continues to be the biggest employer of temporary workforce amounting to nearly 15 million. The Indian staffing industry on Manpower recruitment on contract, is expected to grow by at least 20% by 2020 as per the Staffing Industry analysis, global advisor on staffing and workforce solutions. Contract staffing is being increasingly accepted as a preferred mode of recruitment by many sectors.

Faster turnaround time of overall recruitment process: Contract staffing agencies have an existing talent pool which can be useful to quickly close an open position. Recruitment Agencies have the tools, resources and connections which help them to find the most appropriate talent that suits an organisations need. Finding high-skill talent can be in a short span of time and within a specified budget can be very challenging however staffing companies can easily source such candidates from the existing talent pool that they have.

IT STAFFING:

India's highly qualified talent pool of technical graduates is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing, computer science/information technology accounts for the biggest chunk of India's fresh engineering talent pool.

Technologies, such as telemedicine, health, remote monitoring solutions and clinical information systems, would continue to boost demand for IT service across the globe. IT sophistication in the utilities segment and the need for standardization of the process are expected to drive demand. Digitization of content and increased connectivity is leading to a rise in IT adoption by media.

Indian Staffing Federation(ISF), an apex body of staffing industry, unveiled report on "Indian IT Staffing Industry and landscape" According to the report, the flexi staffing market in India is worth more than 3 billion in 2017 and is expected to grow 15% per annum by 2021. The penetration rate of flexi workforce in IT with respect to total IT workforce in India is 6%.

IT industry is currently at the juncture of massive transformation with influx of new technologies including artificial intelligence, machine learning, cloud, analytics, Internet of Things etc. The demand for niche skill set for such evolving technologies and meeting immediate requirements, are encouraging hiring of IT flexi staff. In India, IT flexi staffing industry is still at a nascent stage with lots of unexplored opportunities.

India Staffing Federation is also proactively working with the government and other stakeholders and one of our biggest achievements for the staffing industry is the consideration of the National Licensing at state and national level by the labour ministry. The move will simplify doing business for corporate and increase flexi hiring across sectors."

India is the topmost off shoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India and is expected to reach USD 5 Billion by year 2021 with 15% growth.

RENEWABLE ENERGY

AS THE INDIAN ECONOMY GROWS, 225 GW OF RENEWABLE ANERGY CAPACITY BY 2022 AND THE ELECTRICITY CONSUMPTION IS PROJECT TO REACH

15,280 TWH BY 2040 AS PER THE INDIA BRAND EQUITY FOUNDATION (IBEF):

The Government of India is committed to increased use of clean energy sources and is already undertaking various large-scale sustainable power projects and promoting green energy heavily. In addition, renewable energy has the potential to create many employment opportunities at all levels.

The Ministry of New and Renewable Energy (MNRE) has set an ambitious target to set up renewable energy capacities to the tune of 175 GW by 2022 of which about 100 GW is planned for solar, 60 for wind and other for hydro, bio among other. As of June 2018, Government of India is aiming to achieve 225 GW of renewable energy capacity by 2022, much ahead of its target of 175 GW as per the Paris Agreement. India's renewable energy sector is expected to attract investments of up to US\$ 80 billion in the next four years.

India is progressively becoming a most favoured destination for investment in renewable energy. It is expected that by the year 2040, around 49 per cent of the total electricity will be generated by the renewable energy, as more efficient batteries will be used to store electricity which will further cut the solar energy cost by 66 per cent as compared to the current cost. This indicates that New opportunities for employment sector will grow by leaps and bounds.

STAFFING IS REQUIRED FOR BOTH PROJECT AS WELL AS O & M ACTIVITIES:

Staffing is a critical organizational function which consists of the process of acquiring, deploying, and retaining a workforce of sufficient quantity and quality for the effectiveness of the organization.

In fact the performance of the organization largely depends on the quality of its people. Hence the staffing function of the management is an important function and it involves in the building of the organizational workforce.

In the case of SMEs however, staffing firms have an opportunity to play more of a leadership role. Helping organizations in predicting and meeting their talent demands, staffing firms can help such companies successfully navigate incoming changes. With the rising importance of SMEs and start-ups in India's growth, there will be a rise in demand for talent, an area where staffing companies, with their troves of experience, can be sure to fill.

In 2020, people will be more educated about the staffing industry and the benefits of contingent work; Staffing also "will be a much more widely accepted industry globally. We'll start to see much more global recognition of the contingent labour force."

PIPELINE:

The Government has envisaged to develop the National Gas Grid. At present about 16,788 Km natural gas pipeline is operational and about 14,000 Km gas pipelines are being developed to increase the availability of natural gas across the country. Which is in addition to over 11,000 km of existing cross-country pipelines, Minister of State for Petroleum & Natural Gas.

Another 14,000 km of pipelines infrastructure is under various stages of implementation," an oil ministry statement. The development of pipeline infrastructure is an ongoing process which will progress with the increase in demand of natural gas. The government has initiated multi prolong measures to increase availability of natural gas in the country including intensifying domestic exploration and expeditious production of coal bed Methane (CBM).

The impact of the newly designed projects would lead to widespread generation of job opportunities for Engineers and Technicians in various levels. This further creates more optimistic picture regarding the employment creation potential for demography and socio-economic progress of the nation. The planned projects are also a ray of development for staffing industry to raise their economic power and aspiration at global level.

CITY GAS DISTRIBUTION :

City gas distribution (CGD) network is turning out to be the next big downstream expansion in India. CGD refers to transportation or distribution of natural gas to consumers in domestic, commercial or industrial and transport sectors through a network of pipelines.

The Government aims to connect 1 crore households with piped gas by 2020. This is in line with increasing the share of natural gas in the primary energy basket from 6% to 15% in a phased manner, over the next few rounds of bidding. The 10th CGD Bidding Round covers 50 Geographical Areas (GA) spread over 14 States and 124 Districts. In this Round, about 225 bids were received in respect of all the 50 GAs offered, and a total of 12 companies managed to get 50 Geographical Areas (GAs) that were on offer under this round, which also includes participation from two foreign consortiums in this round..

An investment of about Rs 50,000 crore is expected in setting up of CNG stations and pipelines to take cooking gas to households in 50 towns and cities that were bid out for city gas licence in the 10th round. It is envisaged that this initiative would help in creating a robust infrastructure by bringing an investment of about Rs 50,000 crore, generate employment and play a significant role in achieving the shift

towards a gas-based economy, with natural gas as the next generation, cheaper and environment-friendly fossil fuel.

Post the successful implementation of the 10th CGD Bidding Round, about 70% of the country shall be under the umbrella of the CGD network.

Financial compression is as follow:

Particulars	Standalone (Rs. In Crores)		Consolidated (Rs. In Crores)	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Net Revenue from				
Operations	191.93	168.87	206.03	173.48
Other Income	1.20	1.21	1.20	1.52
Total Income	193.13	170.09	207.24	175.01
Total Expenditure	185.23	162.03	196.62	165.47
Profit before tax	7.90	8.05	10.61	9.54
Current Tax	1.30	1.86	1.29	1.91
Deferred Tax	0.22	0.03	0.20	(0.15)
Profit after taxes	6.37	6.16	9.11	7.77

Total operating revenue was Rs. 206.03 Cr. for F.Y. 2018 - 19 as compared to Rs. 173.48 Cr. in F.Y. 2017 - 18 there was increase of 19% in operating revenue, Operating EBITDA was Rs. 12.40 Cr. for F.Y. 2018 - 19 as compared to Rs. 11.33 Cr. in F.Y. 2017 - 18 with an increase of 9%. Profit after Tax (PAT) was Rs. 9.11 Cr. for F.Y. 2018 - 19 as compared to Rs. 7.77 Cr. in F.Y. 2017- 18 reflecting increase of 17%. The Company has on an average Compounded annual growth rate (CAGR) of 20% from last 5 years.

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. Virendra D. Sanghavi	Chairman
Mrs. Niranjana V. Sanghavi	Member
Mrs. Sonal N. Doshi	Member

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

Particulars (Amt in Cr.)	2017-18	2016-17	2015-16
Net Profit as per Section 198 of the Companies Act, 2013 for the preceding three financial years.	8.05 Cr.	5.27 Cr.	3.12 Cr.

4. (a) Average Net Profit for three years : Rs. 5.42 Cr.
5. (b) Prescribed CSR expenditure (2% of average net profit) : Rs. 10,97,342/-

6. Details of CSR spend for the financial year

- (a) Total Expenditure approved by the Board : Rs. 10,97,342/-
- (b) Total amount spent during financial year : Rs. 10,45,490/-
- (c) Total sanctioned amount yet to be spent : NIL
- (d) Total amount yet to be sanctioned : NIL
- (e) Total amount unspent : Rs. 51,852/-

7. 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 directly or through implementing agency.
1.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Education	Maharashtra	4,00,000/-	2,52,490/-	13,49,990/-	Blind Organization of India, Child Vision Foundation, Child Help Foundation, Friends of Tribal Society, Shri Pragna Chaksu Mahila Seva Kunj, The Institute of Chemical Technology, K.K. School & Home for the Blind Trust.

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 directly or through implementing agency.
2.	Eradicating hunger, poverty and malnutrition, 2["promoting health care including preventive health care"] and sanitation 4[including contribution to the Swach Bharat Kosh setup by the Central Government for the promotion of sanitation] and making available safe drinking water.	Preventive Healthcare	Maharashtra	2,00,000/-	1,68,000/-	3,15,250/-	Abhilasha Foundation, Health N Care Foundation, Konkani Kalava Shikshan Vikas Sanstha, Cancer Patients Aid Association, Lifesave Foundation, Child Health Foundation, Cancer Control Mission, Alert India and Supporting, Hemophilia Federation, Parents Association Thalassemic Unit Trust, Mauli Foundation, Akshara Samajik Pratisthan, J H V S Jain Charitable Trust, Helpage India, M S D Samvardhini Annadhanam, Rotary Club of India and Annamruta Foundation.
3.	Measures for the benefit of armed forces veterans, war widows and their dependents	Army Welfare	Maharashtra	4,00,000/-	3,40,000/-	3,40,000/-	Bharat Ke Veer (Army Welfare Fund)
4.	Disaster management, including relief, rehabilitation and reconstruction activities.	Relief and Rehabilitation Activities	Kerala	50,000/-	50,000/-	50,000/-	Chief Minister Relief Fund (Govt. of Kerala)
5.	Rural Development projects	Rural Development projects	Gujarat	1,25,000/-	1,25,000/-	1,25,000/-	Water Projects in rural areas.
	Total:-			11,75,000	10,45,490/-	21,80,240/-	

8. During the year, the Company has spent slightly lower on the CSR activities than required as per the Section 135 of the Companies Act, 2013 in F.Y. 18-19 as the Company is in process to identify more 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 more amounts under CSR. 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.

Recently the Company has partnered with Saifee Hospital, Charni Road, Mumbai for treating the deserving patients in emergency situation who is not able to afford the cost of investigations and medications. Saifee Hospital will provide the medicines and investigations at subsidized rates and treat the patients in their free OPD with specified investigation and treatment on selective basis. Initially the deserving patients who met with an accidents in the vicinity of the Charni Road, Grant Road, Marine Line and Churchgate Railway Station will be treated. The Company is really grateful to the Saifee Hospital for showing interest in collaborating for such a noble cause.

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

Signature-----
Mr. Virendra D. Sanghavi
Chairman of the CSR Committee
DIN: 00759176

Signature-----
Niranjana V. Sanghavi
Non-Executive Director
DIN:- 01773124

Date :
Place : Mumbai

COMPLIANCE CERTIFICATE

To,
The Board of Directors,
Aarvi Encon Ltd.

We, the Executive Director, Mr. Jaydev Sanghavi and Vice President – Finance and Accounts, Mr. Mathew Eappen hereby certified in terms of regulation 17 (8) read with Part B of Schedule II of the SEBI Listing Regulation, 2015.

We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

For Aarvi Encon Ltd.

Sd/-
Jaydev V Sanghavi
Executive Director and CFO
DIN: 00759042

Date : 24th May, 2019
Place : Mumbai

We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit committee

- (1) Significant changes in internal control over financial reporting during the year;
- (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-
Mathew Eappen
Vice President – F&A

ANNEXURE - I
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. De tails of contracts or arrangement or transactions not at arms' length basis.

Aarvi Encon Ltd. (the Company) has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or not at arm's length during FY 2019. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.

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

Name(s) of Related Party	Nature of relationship	Nature of contract/ arrangement / transaction	Duration of contract/ arrangement / transaction	Silent terms of contract or arrangement or transaction including the value, if any	Date(s) of approval
Mr. Virendra D. Sanghavi	Managing Director	Remuneration	Continuous period	The Remuneration shall be payable in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 not exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum, which includes salary of Rs. 1,08,00,000 (Rupees One Crore Eight Lakhs Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.	17 th July, 2017
Mr. Jaydev V. Sanghavi	Executive Director	Remuneration	Continuous period	Remuneration payable to Mr. Jaydev Virendra Sanghavi in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 shall not exceed Rs. 1,68,00,000/- (Rupees One Crore Sixty Eight Lakhs Only) per annum, which includes salary of Rs. 84,00,000 (Rupees Eighty Four Lakhs Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.	17 th July, 2017
Mrs. Niranjana D. Sanghavi	Director	Rent Paid	Continuous period	Payment of an amount of Rs. 14,40,000/- P.A. against renting of premises Unit No. 155, Shah & Nahar, A-1, Sitaram Jadhav Marg, Lower Parel (W), Mumbai- 400013 owned by Mrs. Niranjana Virendra Sanghavi	19.05.2018
Mrs. Niranjana V. Sanghavi	Director	Sitting Fees	Continuous period	Sitting Fees of Rs. 1,00,000/- to be paid to Mrs. Niranjana V Sanghavi for attending Board Meetings of the Company.	19.05.2018
Mrs. Ami Jaydev Sanghavi	Directors Relatives	Remuneration	Continuous period	Remuneration of Rs. 5,85,000/- P.A. to be paid to Mr. Ami J. Sanghavi, Admin Officer of the Company	19.05.2018
Mrs. Naini Ninad Kulkarni	Directors Relative	Remuneration	Continuous period	Remuneration of Rs. 16,25,000/- P.A. to be paid to Mrs. Naini N. Kulkarni, Business Development Manager of the Company.	19.05.2018
Aarvi Encon FZE located at UAE	Wholly Owned Subsidiary Company	Business Loan	Continuous period	Business Loan of AED 1,00,000/- (INR 19,51,000/-) at an interest rate of 10% to its Wholly on Subsidiary i.e Aarvi Encon FZE in UAE for Its Business purpose.	19.05.2018

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

Sd/-
Virendra D. Sanghavi
Managing Director
DIN: 00759176

Date:
Place: Mumbai

**Annexure - II
FORM No. MR-3:**

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

**To,
The Members,
AARVI ENCON LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarvi Encon Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to me and the representations made by the Management, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the audit period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period).**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period).**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period) and;**
 - (h) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the audit period)**

(vi) Since the company is in the business of technical manpower outsourcing no specific laws except labour laws will be applicable to the company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with NSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system

exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings were taken unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has incorporated one Company in United Kingdom (UK) named as Aarvi Encon Resources Limited erstwhile known as Aarvi Carlton Resources Ltd.) formed by one of the Director of the Company. There were some non-reporting of the forms is pending with the concerned regulatory authority in compliance of Foreign Exchange Management Act, 1999 for which the Company has informed that it has filed the compounding application with the Reserve Bank of India to comply with the same and expect it to be completed soon

Other than above no major decision, specific events /actions occurred having a major bearing on the Company affairs in pursuance of the above referred laws, rules, regulations, guidelines standards etc.

**For SUNIL AGARWAL & CO.
Company Secretaries**

**Place : MUMBAI
Date : May 18, 2019**

**Sd/-
SUNIL AGARWAL
(Proprietor)
FCS No. 8706
COP. No. 3286**

**ANNEXURE TO THE SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

**(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)**

**To,
The Members,
AAEVI ENCON LIMITED**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial Records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records, I believe that the processes and practices, I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company. I relied on the statutory report provided by the Statutory Auditor as well as Internal Auditor of the company for the financial year ending 31 March, 2019.
4. I have obtained the management representation wherever required about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial audit reports neither an assurance as to the future liability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For SUNIL AGARWAL & CO.
Company Secretaries**

**Sd/-
SUNIL AGARWAL
(Proprietor)
FCS No. 8706
COP. No. 3286**

**Place : MUMBAI
Date : May 18, 2019**

ANNEXURE - III

REPORT 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 proprietary, 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 Composition and Category of Directors;

The Composition of the Board and category of Directors are as follows;

Category	Name of Directors
Promoter Directors	Mr. Virendra D. Sanghavi (Managing Director)
	Mr. Jaydev V. Sanghavi (Executive Director)
Non-Executive Director	Mrs. Niranjana V Sanghavi (Non-Executive Director)
Independent Directors	Mr. Devendra J. Shrimanker
	Mrs. Sonal Nitin Doshi
	Mrs. Padma V. Devarajan

Mr. Jaydev Virendra Sanghavi is the son of Mr. Virendra D. Sanghavi and Mrs. Niranjana V Sanghavi is a wife of Mr. Virendra D. Sanghavi. None of the other Directors are related to any other Director on the Board.

Details of Attendance of Directors at Board, Last Annual General Meetings (AGM) and No. of other Directorship and Chairmanships /Membership of Committees of each Director in various Companies.

Name of Director	Position	Attendance at meetings during 2017 -18		No. of Directorships as on 31 st March, 2018	No. of Membership (s) Chairmanship (s) of Board Committees in other Companies as on 31 st March, 2018
		Board	Last AGM		
Mr. Virendra D. Sanghavi	Managing Director	4	Yes	1	-
Mr. Jaydev V. Sanghavi	Executive Director	4	Yes	3	-
Mrs. Niranjana V. Sanghavi	Non-Executive Director	3	-	-	-

Name of Director	Position	Attendance at meetings during 2017 -18		No. of Directorships as on 31 st March, 2018	No. of Membership (s) Chairmanship (s) of Board Committees in other Companies as on 31 st March, 2018
		Board	Last AGM		
Mr. Devendra J. Shrimanker	Independent Director	4	Yes	4	-
Mrs. Sonal N. Doshi	Independent Director	3	Yes	1	-
Mrs. Padma V Devarajan	Independent Director	4	-	-	-

3. No. of Board Meetings held during the year;

4 (Four) Board Meetings were held during the year (FY. 2018 - 19). The details of the Board Meetings held are given below;

Date of Board meeting	Board Strength	No. of Director Present
19.05.2018	6	5
14.09.2018	6	6
13.11.2018	6	5
11.02.2019	6	6

→ Appointment of Directors:-

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect from April 1, 2014. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of maximum of five years each and shall not be liable to retire by rotation.

Your Board has adopted the provisions with respect to appointment and tenure of Independent Directors consistent with the Companies Act, 2013 and the Listing Regulations.

At the time of appointment of an Independent Director, the Company issues a formal letter of appointment outlining his/her role, function, duties and responsibilities as a Director. The template of the letter of appointment is available on our website at www.aarviencon.com

Policy for Selection and Appointment of Directors and their Remuneration

Board Governance, Nomination and Compensation Committee has adopted a policy which, inter alia, deals with the manner of selection of Board of Directors and payment of their remuneration.

- Managing Director & Whole-Time Director: The Managing Director & Whole-Time Director shall be appointment on the basis of their qualification, expertise and experience in the Business of Aarvi Encon Limited. The term of the appointment or re-appointment of Managing Director & Whole-Time Director shall be for the period of five years. Aarvi Encon Limited shall not appoint or continue the employment of any person as Managing Director or Whole-Time Director who has attained the age of seventy-five years, provided that the term of such person may be extended by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy-five years.
- Non-Executive Directors & Independent Directors:

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. The appointment of the Independent Directors shall be in accordance with Schedule IV to the Companies Act, 2013.

- c. **Key Managerial Personnel (KMP):** A person to be appointed as a KMP should possess adequate qualification, knowledge and expertise. The Committee has discretion to decide whether qualification, knowledge and expertise possessed by a person is sufficient/satisfactory for the concerned position.
- d. **Senior Management & other employees:** The person at the level of Senior Management and other employees shall be appointed as per the policy formulated by Human Resource Department.

REMUNERATION TO:

a. Managing Director & Whole-Time Director:

The remuneration/compensation/commission etc. to the Managing Director, Whole time Director will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. to the Directors shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

The remuneration and commission to be paid to the Managing Director/Whole-time Director/Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the Schedule V and other applicable rules made thereunder.

Revision to the existing remuneration/compensation structure may be recommended by the Committee to the Board subject to approval of the Shareholders when necessary, in the case of Managing Director/Whole-time Director/Executive Director and would be based on the individual's performance as well as the Company's overall performance.

If any Managing Director/Whole-time Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company.

Where any insurance is taken by the Company on behalf of its Managing Director/Whole-time Director/Executive Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty of negligence, default, misfeasance, breach of duty or breach of trust, the premium paid on such insurance shall be treated as part of the remuneration.

b. Non-Executive Directors & Independent Directors:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. The Independent/Non-Executive Director shall be entitled to reimbursement of expenses for participation in the Board and other meeting.

However in the case of Non Executive Director, Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

An Independent Director shall not be entitled to any stock option of the Company.

c. Key Managerial Personnel (KMP), Senior Management & other employees:

The KMP, Senior Management and other employees of the Company shall be paid remuneration as per the policies implemented by the Company from time to time.

LOAN TO SENIOR MANAGEMENT (OTHER THAN MANAGING DIRECTOR AND WHOLE - TIME DIRECTOR) AND OTHER EMPLOYEES OF THE COMPANY:

The loan may be given to the above concerned for the purposes such as Marriage, Education, Housing Loan or such other purposes, in accordance with the policies implemented by the Company from time to time

PERFORMANCE EVALUATION:

The Committee shall evaluate performance of every Director, KMP and Senior Management Personnel at regular period of one year.

4. Annual General Meetings;

Year	Location	Date	Timing
2017 -18	M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort	31 st August, 2018	11.30 A.M
2016-17	603, B1, Marathon Innova, Marathon Nextgen complex, Lower Parel (W), Mumbai-400013.	15 th July, 2017	11.30 A.M
2015-16	603, B1, Marathon Innova, Marathon Nextgen complex, Lower Parel (W), Mumbai-400013.	30 th September, 2016	2.30 PM

5. Meetings other than Annual General Meeting;

During the FY 2018-19, there are no other general meetings of the members of the Company except the 30th Annual General Meeting.

- 6. Code of Conduct:** - The Company has in place a comprehensive Code of Conduct ('the Code') applicable to the Directors and employees. The Code is applicable to Non-Executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence. A copy of the Code has been put up on the Company's website and can be accessed at www.aarviencon.com.

7. Dividend Distribution Summary;

Financial Year	Amount of Dividend (₹)	Date of payment	Dividend tax (₹)	Dividend %
2017 -18	73,92,000	04/09/2019	15,04,837	5
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

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

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 Limited.**

**Sd/-
Virendra D. Sanghavi
Managing Director
DIN:- 00759176**

**Date :
Place : Mumbai**



ANNEXURE - IV
AOC 3

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES AS PER COMPANIES ACT, 2013

Sr. No.	Particulars	Name of the Subsidiary Company				
		Aarvi Encon FZE (Amount in Rs.)		Aarvi Engineering and Consultancy Pvt Ltd.	Aarvi Encon Resources Ltd	
1	Reporting Currency	INR	AED	INR	INR	GBP
2	Equity Share Capital	27,06,600	1,50,000	20,00,000	8,900	100
3	Other Equity	-	-	-	-	-
4	Total Assets	8,55,26,375	42,94,618	65,95,071	8,900	100
5	Total Liabilities	8,55,26,375	42,94,618	65,95,071	8,900	100
6	Investments	-	-	-	-	-
7	Revenue from Operation / Total Income	14,10,56,994	77,19,461	-	-	-
8	Profit Before Tax	2,73,57,536	14,97,475	(1,81,266)	-	-
9	Provision for Tax	-	-	(74,441)	-	-
10	Deferred Tax	-	-	(1,99,730)	-	-
11	Profit After Tax	2,73,57,536	14,97,475	92,906	-	-
12	Other Comprehensive Income	-	-	-	-	-
13	Total Comprehensive Income	-	-	-	-	-
14	Proposed Dividend	-	-	-	-	-
15	% of Shareholding	100%	100%	100%	100%	100%

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Aarvi Encon Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited accompanying standalone financial statements of **Aarvi Encon Limited** (the "company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the Act in the manner so required and given a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements sections of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Key Audit Matter

Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of AS 9 "Revenue Recognition"

The application of the accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.

Auditor's Responses

Principal Audit Procedures

We assessed the Company's process to identify the impact of adoption of the revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with that identified and recorded by the Company.
 - Considered the terms of the contracts to determine the transaction price including any variable

consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.

- Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.
- Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
- In respect of samples relating to fixed-price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems.
- Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
- Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
- We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

2. Key Audit Matter

Evaluation of Uncertain Tax Positions

The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.

Auditor's Responses

Principal Audit Procedures

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The management and Board of Directors of the Company are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.

We conducted our audit in accordance with the Standards on Auditing Specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's management and Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles

generally accepted in India of the state of affairs of the Company as at 31st March 2019 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order.

As required by section 143(3) of the Act, we further report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) on the basis of written representations received from the directors as on 31 March 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The company does not have any pending litigations which would impacts its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Arvind H. Shah & Co.**
Chartered Accountants

Arvind Shah
(Proprietor)
Membership No. 100/31224
Firm Reg. No. 100577W

Place : Mumbai.
Date : 24th May, 2019



Aarvi Encon Limited
Annexure – A to the Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that

- (I) (a) The company is in process of maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information & explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of company.
- (II) The Company being in service sector, does not hold any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.
- (III) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii)(a) to (c) of paragraphs 3 of the order are not applicable to the company.
- (IV) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (V) The Company has not accepted deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3(v) of the Order are not applicable to the Company.
- (VI) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3(vi) of the order is not applicable to the Company.
- (VII)(a) According to the information and explanation given to us and on the basis of our examination of books of accounts and records, the Company has been regular in depositing the statutory dues applicable to the company with the appropriate authorities.
- (b) According to the information and explanations given to us, there is no undisputed amount payable in respect of the above were in arrears as at March 31, 2019 for a period of more than 6 months from the date on when they became payable.
- (c) According to the information and explanation given to us, there are no dues of sales tax, service tax, duty of custom, duty of excise, value added tax outstanding on account of any dispute subject to dues as per Income Tax Act, 1961 in A.Y. 2017-18 demand raised is Rs. 2,58,50,875/- against which Appeal to CIT is filed.
- (VIII) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (IX) During the year under review the Company has not raised any amount by way of initial public offer, issuing and allotting the equity shares and hence reporting under clause 3 (ix) of the Order is not applicable to the company.
- (X) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (XI) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid or provided for managerial remuneration.
- (XII) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- (XIII) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177

and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(XIV) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

**For Arvind H. Shah & Co.
Chartered Accountants**

Arvind Shah
(Proprietor)
Membership No. 100/31224
Firm Reg. No. 100577W

(XV) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the Directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

(XVI) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place : Mumbai.
Date : 24th May, 2019



Aarvi Encon Limited

Annexure – B to the Independent Auditor's Report

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarvi Encon Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting commensurate to its size and nature of business

and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Arvind H. Shah & Co.**
Chartered Accountants

Arvind Shah
(Proprietor)
Membership No. 100/31224
Firm Reg. No. 100577W

Place : Mumbai.
Date : 24th May, 2019



Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

BALANCE SHEET AS AT MARCH 31, 2019

(Currency: Indian Rupees)

	Note	As at March 31, 2019	As at March 31, 2018
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	14,78,40,000	14,78,40,000
(b) Reserves and surplus	4	49,33,78,209	43,85,22,881
		64,12,18,209	58,63,62,881
2 Non-current liabilities			
(a) Long-term borrowings	5	10,54,534	20,20,124
(b) Deferred tax liabilities (net)	6	37,22,259	14,77,615
		47,76,793	34,97,739
3 Current liabilities			
(a) Short-term borrowings	7	7,12,19,448	3,67,31,920
(b) Trade payables	8	16,53,95,495	8,77,81,471
(c) Other current liabilities	9	6,94,89,541	6,67,96,041
(d) Short-term provisions	10	-	2,28,009
		30,61,04,484	19,15,37,441
TOTAL		95,20,99,486	78,13,98,061
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	11,29,57,881	6,38,45,835
(ii) Intangible assets	11	4,12,180	3,70,064
(iii) Intangible assets under development		8,25,000	-
		11,41,95,061	6,42,15,899
(b) Non-current investments	12	67,43,328	67,34,428
(c) Long-term loans and advances	13	26,64,93,556	15,86,11,423
(d) Other non-current assets	14	4,14,52,636	7,23,09,356
		31,46,89,520	23,76,55,207
2 Current assets			
(a) Trade receivables	15	43,12,52,274	38,67,37,325
(b) Cash and cash equivalents	16	3,82,46,879	6,62,85,497
(c) Short-term loans and advances	17	1,39,74,643	1,41,98,281
(d) Other current assets	18	3,97,41,109	1,23,05,852
		52,32,14,905	47,95,26,955
TOTAL		95,20,99,486	78,13,98,061
See accompanying notes forming part of the financial statements	1-39		

In terms of our report attached.

For Arvind H. Shah & Co.

Chartered Accountants

Firm Registration No. 100577W

Arvind H. Shah

Proprietor

Membership No. 031224

Place : Mumbai

Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi

"Managing Director"

DIN:00759176"

Jaydev V. Sanghavi

Executive Director & CFO

DIN:00759042"

Jay Shah

Company Secretary & Compliance Officer

Membership No. A45556

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Currency: Indian Rupees)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
1	Revenue from operations	19	1,91,93,50,906	1,68,87,63,991
2	Other income	20	1,20,06,065	1,21,75,143
3	Total revenue (1+2)		1,93,13,56,971	1,70,09,39,134
4	Expenses			
	(a) Direct expenses	21	1,69,88,40,326	1,48,27,59,201
	(b) Employee benefits expense	22	9,90,48,618	8,83,98,430
	(c) Finance costs	23	1,03,22,637	1,02,79,343
	(d) Depreciation and amortisation expense	11	73,01,713	72,28,303
	(e) Other expenses	24	3,68,34,229	3,17,02,433
	Total expenses		1,85,23,47,523	1,62,03,67,709
5	Profit before exceptional and extraordinary items and tax (3 - 4)		7,90,09,448	8,05,71,425
6	Exceptional items		-	-
7	Profit before extraordinary items and tax (5 + 6)		7,90,09,448	8,05,71,425
8	Extraordinary items		-	-
9	Profit before tax (7 + 8)		7,90,09,448	8,05,71,425
10	Tax expense / (benefit):			
	(a) Current tax expense		1,22,00,000	1,95,00,000
	(b) Short / (Excess) provision for tax relating to prior years		8,42,639	(8,65,096)
	(c) Net current tax expense		1,30,42,639	1,86,34,904
	(d) Deferred tax		22,44,644	3,27,931
	Net tax expense / (benefit)		1,52,87,283	1,89,62,835
11	Profit from continuing operations (9 - 10)		6,37,22,165	6,16,08,590
12	Profit from discontinuing operations		-	-
13	Profit for the year (11 + 12)		6,37,22,165	6,16,08,590
	Earnings per equity share			
	Basic & diluted	32	4.31	4.79
	Nominal value of each share	32	10.00	10.00
	See accompanying notes forming part of the financial statements	1-39		

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi
"Managing Director"
DIN:00759176"

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042"

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Currency: Indian Rupees)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit / (Loss) before extraordinary items and tax	7,90,09,448	8,05,71,425
Adjustments for:		
Depreciation and amortisation expense	73,01,713	72,28,303
Profit on sale /write off of assets	(50,70,377)	(8,285)
Finance costs	1,03,22,637	1,02,79,343
Interest income	(68,20,802)	(1,20,54,321)
Liabilities / provisions no longer required written back	(69,827)	(1,08,300)
Operating profit / (loss) before working capital changes	8,46,72,790	8,59,08,164
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(4,45,14,949)	(6,36,98,128)
Short-term loans and advances	2,23,637	1,16,88,439
Long-term loans and advances	(1,99,60,096)	(1,74,33,849)
Other current assets	(2,74,35,257)	(69,90,001)
Other non-current assets	3,08,56,720	(4,54,48,920)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	7,76,83,850	(4,07,57,394)
Other current liabilities	26,93,501	2,11,74,025
Short-term provisions	(2,28,009)	(38,83,101)
Cash generated from operations	10,39,92,187	(5,94,40,765)
Net income tax (paid) / refunds	(10,19,84,675)	(2,86,28,168)
Net cash flow from / (used in) operating activities (A)	20,07,512	(8,80,68,933)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(5,64,06,604)	(67,83,025)
Proceeds from sale of fixed assets	52,16,107	9,500
Investment in equity shares of wholly owned subsidiary	(8,900)	-
Bank balances not considered as Cash and cash equivalents	(11,12,205)	(65,00,000)
Interest received	68,20,802	1,20,54,321
Net cash flow from / (used in) investing activities (B)	(4,54,90,800)	(12,19,204)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	21,24,36,000
Expenses incurred on issue of equity shares	30,000	(2,38,96,743)
Repayment of long-term borrowings	(9,65,589)	(7,01,447)
Proceeds from short term borrowings	3,44,87,528	-
Repayment of other short-term borrowings	-	(9,33,26,839)
Finance costs	(1,03,22,637)	(1,02,79,343)
Dividends paid	(73,92,000)	-
Tax on dividend	(15,04,837)	-
Net cash flow from / (used in) financing activities (C)	1,43,32,465	8,42,31,628

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,91,50,823)	(50,56,508)
Cash and cash equivalents at the beginning of the year	5,56,57,702	6,07,14,210
Cash and cash equivalents at the end of the year	2,65,06,879	5,56,57,702
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances (Refer Note 16)	3,82,46,879	6,62,85,497
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: #		
In earmarked accounts		
- Term deposit with bank pledged/lienied	1,17,40,000	1,06,27,795
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	2,65,06,879	5,56,57,702
Cash and balance at the end of the year	3,82,46,879	6,62,85,497

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

For and on behalf of the Board of Directors

Virendra D. Sanghavi
"Managing Director"
DIN:00759176"

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042"

Arvind H. Shah
Proprietor
Membership No. 031224

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 24, 2019

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

1 Corporate information

“Aarvi Encon Limited (referred to as “the Company”) is a Human Resource Company, offering capable manpower resources to businesses. The Company was incorporated as Aarvi Encon Private Limited under the provisions of the Companies Act 1956 vide certificate of incorporation dated December 03, 1987, issued by the Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of the Company was changed to Aarvi Encon Limited pursuant to conversion into a public company vide Shareholders’ approval on June 13, 2017 and fresh certificate of incorporation dated July 05, 2017 issued.

The Company undertook an Initial Public issue of equity shares and subsequently got its equity shares listed on the National Stock Exchange, Emerge (SME Segment) with effect from 05.10.2017”

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

The financial statements have been prepared in accordance with the requirements of section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year unless otherwise stated.

2.2 Use of estimates

The preparation of the financial statements are in conformity with the Indian GAAP which requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent

and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Fixed Assets (Tangible / Intangible)

Tangible fixed assets :

“Tangible fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.”

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Capital work-in-progress:

Tangible fixed assets under construction are disclosed as Capital work-in-progress.

Intangible assets:

"Intangible assets include computer software and licenses acquired by the company. Intangible assets, all of which have been acquired and are controlled through custody or legal rights are capitalised at cost, where they can be reliably measured."

2.6 Depreciation and amortisation

Tangible Assets :

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible Assets:

Intangible assets are amortised over their estimated useful life on written down value method.

2.7 Impairment of assets

"At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. Reversal of impairment loss is recognised as income in the statement of profit and loss."

2.8 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The total lease rentals in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on the terms of the agreement and the effect of lease equalisation is not given considering the increment is on account of inflation factor.

2.9 Investments

"Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties."

2.10 Revenue recognition

Income from services

- "(i) Revenue from services i.e. manpower supply and consultancy are recognised on accrual basis, when no significant uncertainty exists regarding the amount of consideration that will be received from rendering of services.
- (ii) Revenue related to staffing services i.e salary and incidental expenses of temporary associates alongwith the service charge are recognised in accordance with the agreed terms, which is recognised as and when the related services are performed.
- (iii) Unbilled revenue represents the cost incurred in relation to the staffing contracts for which bills are not yet due and can be raised only in the subsequent year."

2.11 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

2.12 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.13 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company makes specified monthly contributions to the government administered provident fund scheme and employee state insurance scheme, which is a defined contribution scheme. The Company's contribution paid / payable under the scheme is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

"For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial

gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In addition to the above, the Company does not recognise its liability in respect of gratuity for associate employees and its right of reimbursement as an asset."

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

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2.14 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.15 Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The weighted average number of equity shares outstanding during the year is adjusted for subdivision of shares and bonus Issue.

2.16 Taxes on income

"Tax expenses comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right to set off current tax assets against current tax liabilities and

deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company recognises/ writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, the sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is substantially reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets will be realised."

2.17 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.18 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

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2.19 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.20 Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the underlying goods or service received is accounted and when there is reasonable certainty in availing / utilising the credits.

(Currency: Indian Rupees)

3 Share capital

Authorised

"1,50,00,000 equity shares of Rs.10/- each
(March 31, 2018: 1,50,00,000 equity shares of Rs.10/- each)"

Issued, Subscribed and Fully paid up

"1,47,84,000 equity shares of Rs.10/- each
(March 31, 2018: 1,47,84,000 equity shares of Rs.10/- each) "

2.21 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

As at March 31, 2019	As at March 31, 2018
15,00,00,000	15,00,00,000
14,78,40,000	14,78,40,000

3a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

Opening balance
Subdivision of shares (Refer Note 1 below)
Issue of Bonus Shares (Refer Note 2 below)
Fresh Issue of shares during the year (Refer Note 3 below)
Closing balance

As at March 31, 2019		As at March 31, 2018	
Number of Shares	Amount	Number of Shares	Amount
1,47,84,000	14,78,40,000	3,10,000	3,10,00,000
-	-	27,90,000.00	-
-	-	77,50,000.00	7,75,00,000.00
-	-	39,34,000.00	3,93,40,000.00
1,47,84,000	14,78,40,000	1,47,84,000	14,78,40,000

Notes:

- Pursuant to the resolution passed by the Shareholders of the Company in the Extra Ordinary General Meeting of the Company held on April 28, 2017, each existing Equity Share of the Company having face value of Rs. 100/- (Rupees Hundred) each has got sub-divided into 10 (Ten) Equity Shares having face value of Rs. 10/- (Rupees Ten) each fully paid up.

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- 2 The Company has issued and allotted 77,50,000 equity shares of Rs. 10/- each to the eligible holders of equity shares as per the Board resolution dated July 17, 2017 by capitalizing reserves. The basis of issue is five (5) shares for every two (2) shares held.
- 3 The Company has issued and allotted 39,34,000 equity shares of Rs. 10/- each at a premium of Rs. 44/- per share as per Board resolution dated September 29, 2017.

3b Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 each. Each shareholder is eligible for one vote per share held. The final dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

3c Particulars of shareholders holding more than 5% shares of the aggregate shares of the Company

As at March 31, 2019		As at March 31, 2018	
Number of Shares held	Percentage	Number of Shares held	Percentage
Mr. Virendra Dalpatram Sanghavi	43,40,000 29.36%	43,40,000 29.36%	
Mrs. Niranjana Virendra Sanghavi	32,55,000 22.02%	32,55,000 22.02%	
Mr. Jaydev Virendra Sanghavi	21,70,000 14.68%	21,70,000 14.68%	

Equity Shares

Note 4 Reserves and surplus

	As at March 31, 2019	As at March 31, 2018
(a) General reserve		
Opening balance & Closing balance	5,67,36,562	5,67,36,562
(b) Securities premium account		
Opening balance	14,91,99,257	-
Add : Premium on shares issued during the year	-	17,30,96,000
Less : Utilised during the year for:		
Writing of/reversal of shares issue expenses	(30,000)	2,38,96,743
Closing balance	14,92,29,257	14,91,99,257
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	23,25,87,062	24,42,28,062
Add: Profit / (Loss) for the year	6,37,22,165	6,16,08,590
Provision for tax of earlier year 2013-14	-	83,61,520
Less: Final dividend	73,92,000	-
Tax on dividend	15,04,837	-
Provision for tax of earlier year 2013-14	-	-
Issuing bonus shares	-	7,75,00,000
Provision for gratuity	-	41,11,110
Closing balance	28,74,12,390	23,25,87,062
	49,33,78,209	43,85,22,881

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Note 5 Long-term borrowings

	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Secured				
Vehicle loan from Non-Banking Financial Companies (refer Note 1 & 2 below)	10,54,534	12,62,632	20,20,124	14,38,980
	10,54,534	12,62,632	20,20,124	14,38,980
Unsecured				
Loan from Non-Banking Financial Companies	-	-	-	3,73,460
	-	-	-	3,73,460
	10,54,534	12,62,632	20,20,124	18,12,440

Notes:

- Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 84 equated monthly instalments of Rs 48,200/- each (including interest), commencing from November 2013 onwards.
- Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 35 equated monthly instalments of Rs 16,385/- each (including interest), commencing from May, 2017 onwards.

Note 6 Deferred tax liabilities (net)

	As at March 31, 2019	As at March 31, 2018
(a) Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	38,61,065	16,64,453
(b) Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	1,38,806	1,86,838
	37,22,259	14,77,615

Note 7 Short-term borrowings

	As at March 31, 2019	As at March 31, 2018
Secured		
Loans repayable on demand from banks :		
Cash credit facility (refer Note 1 & 2 below)	6,99,56,816	3,49,19,480
Vehicle loan from Non-Banking Financial Companies (refer Note 5)	12,62,632	14,38,980
Unsecured		
Loan from Non-Banking Financial Companies	-	3,73,460
	7,12,19,448	3,67,31,920

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Notes:

- 1 In respect of Cash Credit from Yes Bank
 - a. Pari Passu charge on hypothecation charge on Current Assets and all movable fixed assets.
 - b. Equitable mortgage of commercial properties located at Shah & Nahar Industrial Estate, Lower Parel (Mumbai), Jetalpur (Baroda), and Marathon Nextgen Realty Limited, Lower Parel (Mumbai).
 - c. Unconditional and Irrevocable Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi and Mrs Niranjana Sanghavi.
 - d. Rs. 73,50,000/- in the form of fixed deposit receipt placed under bank lien.
- 2 In respect of Cash Credit and Working Capital demand loan from Citi Bank
 - a. First Pari Passu charge on present and future stocks, book debts and movable fixed assets.
 - b. Pari Passu charge on property located at - Shah & Nahar Industrial Estate, Lower Parel (Mumbai), Jetalpur (Baroda), Marathon Nextgen Realty Limited, Lower Parel (Mumbai) and Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.
 - c. Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi and Mrs Niranjana Sanghavi.
 - d. Pledged fixed deposits amounting to INR 30,00,000/-.
- 3 In respect of Overdraft and Working Capital demand loan from HSBC
 - a. First Pari Passu charge on Current Assets
 - b. Pari Passu charge on property located at - Office No. 901, Ninth Floor, Building "B2", Marathon Nextgen Innova, G.K. Road, Opposite Peninsula Corporate Park, Lower Parel (W), Mumbai - 400013.
 - c. Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi and Mrs Niranjana Sanghavi.

Note 8 Trade payables

	As at March 31, 2019	As at March 31, 2018
Dues to micro small and medium enterprises (refer Note below)	-	-
Dues to others	16,53,95,495	8,77,81,471
	16,53,95,495	8,77,81,471

Note:

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

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Note 9 Other current liabilities

(a) Statutory remittances:

- Tax deducted at source and equilisation levy payable
- Provident fund, ESIC and Profession Tax payable
- Service tax, VAT and WCT payable
- Goods and Service Tax payable

- (b) Trade / security deposits received
- (c) Advances received from customers
- (d) Payables to employees
- (e) Dividend payable

As at March 31, 2019	As at March 31, 2018
54,37,692	76,20,008
1,30,68,187	1,12,97,325
-	3,541
5,08,80,407	4,77,53,202
77,730	77,730
-	-
13,525	44,235
12,000	-
6,94,89,541	6,67,96,041

Note 10 Short-term provisions

Provision for employee benefits
Provision for gratuity (net)

As at March 31, 2019	As at March 31, 2018
-	2,28,009
-	2,28,009

Note 11 Fixed Assets

Particulars	Gross Block				Depreciation				Net Block
	Balance as at April 1, 2018	Additions	Disposals	Balance as at March 31, 2019	Balance as at April 1, 2018	Deprecia- tion for the Year	On disposals	Balance as at March 31, 2019	Balance as at March 31, 2019
I. Tangible fixed assets									
Office Premises	6,95,56,253	5,46,69,251	1,09,01,000	11,33,24,504	1,97,40,776	22,89,912	43,28,666	1,77,02,023	9,56,22,481
	6,95,56,253	-	-	6,95,56,253	1,71,93,419	25,47,357	-	1,97,40,776	4,98,15,477
Plant and Machinery	90,25,786	23,78,704	-	1,14,04,490	45,60,795	10,88,024	-	56,48,819	57,55,671
	60,42,677	29,83,109	-	90,25,786	40,45,267	5,15,528	-	45,60,795	44,64,991
Electrical Installation	30,47,158	7,29,894	-	37,77,052	21,90,948	2,33,756	-	24,24,704	13,52,348
	30,47,158	-	-	30,47,158	18,84,743	3,06,205	-	21,90,948	8,56,210
Furniture and Fixtures	1,06,90,636	22,70,640	1,45,730	1,28,15,546	91,77,353	4,80,368	13,128	96,44,593	31,70,953
	1,05,21,851	1,70,000	1,215	1,06,90,636	86,42,712	5,34,641	-	91,77,353	15,13,283
Office Equipments	1,11,87,967	7,16,975	-	1,19,04,942	1,05,95,476	2,21,853	-	1,08,17,329	10,87,614
	1,08,96,846	2,91,122	-	1,11,87,967	1,03,46,489	2,48,987	-	1,05,95,476	5,92,492
Computers	3,60,16,442	14,01,063	-	3,74,17,505	3,43,00,957	11,25,247	-	3,54,26,204	19,91,301
	3,46,57,607	13,58,835	-	3,60,16,442	3,35,63,853	7,37,104	-	3,43,00,957	17,15,485
Vehicles	1,95,35,213	8,74,371	4,10,854	1,99,98,730	1,46,47,316	17,62,667	3,88,767	1,60,21,216	39,77,514
	1,87,83,854	7,51,359	-	1,95,35,213	1,24,07,179	22,40,137	-	1,46,47,316	48,87,897
Total - I	15,90,59,455	6,30,40,897	1,14,57,584	21,06,42,768	9,52,13,620	72,01,828	47,30,561	9,76,84,887	11,29,57,881
Total - Previous year	15,35,06,246	55,54,425	1,215	15,90,59,455	8,80,83,662	71,29,958	-	9,52,13,620	6,38,45,835

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Particulars	Gross Block				Depreciation			Net Block	
	Balance as at April 1, 2018	Additions	Disposals	Balance as at March 31, 2019	Balance as at April 1, 2018	Depreciation for the Year	On disposals	Balance as at March 31, 2019	Balance as at March 31, 2019
II. Intangible fixed assets									
Softwares	5,36,950	1,42,000	-	6,78,950	1,66,886	99,884	-	2,66,770	4,12,180
	3,28,350	2,08,600	-	5,36,950	68,541	98,345	-	1,66,886	3,70,064
Total - II	5,36,950	1,42,000	-	6,78,950	1,66,886	99,884	-	2,66,770	4,12,180
Total - Previous year	3,28,350	2,08,600	-	5,36,950	68,541	98,345	-	1,66,886	3,70,064
Total (I + II)	15,95,96,405	6,31,82,897	1,14,57,584	21,13,21,718	9,53,80,506	73,01,713	47,30,561	9,79,51,658	11,33,70,061
Previous Year	15,38,34,596	57,63,025	1,215	15,95,96,405	8,81,52,203	72,28,303	-	9,53,80,506	6,42,15,899

Note 12 Non-current investments

Trade investments (at cost)

Subsidiary companies

(a) Fully paid equity shares (unquoted)

Aarvi Engineering & Consultants Private Limited (wholly owned subsidiary)
20,000 (previous year: 20,000) equity shares of Rs. 100/- each
Aarvi Encon FZE (wholly owned subsidiary)
1 (previous year: 1) equity shares of UAE dirham 1,50,000/- each
Aarvi Encon Resources Limited, UK (wholly owned subsidiary)
100 equity shares of GBP 1/- each

	As at March 31, 2019	As at March 31, 2018
	40,11,928	40,11,928
	27,22,500	27,22,500
	8,900	-
	67,43,328	67,34,428

Note 13 Long-term loans and advances
(Unsecured, considered good unless otherwise stated)

(a) Loans and advances to related parties

Aarvi Encon FZE

(b) Capital advances

(c) Security deposits including earnest money deposit

(d) Advance income tax (net of provisions Rs. 22,25,26,355/- (As at March 31, 2018 Rs.20,30,26,355/-))

(e) Prepaid expenses

	As at March 31, 2019	As at March 31, 2018
	19,97,612	-
	59,04,570	69,24,570
	4,27,68,361	2,47,99,183
	21,58,23,013	12,68,80,976
	-	6,694
	26,64,93,556	15,86,11,423

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Note 14 Other non-current assets
(Unsecured, considered good unless otherwise stated)

As at March 31, 2019	As at March 31, 2018
12,30,900	3,23,09,356
4,02,21,736	4,00,00,000
4,14,52,636	7,23,09,356

Fixed Deposits with Banks

Balances held as margin money or security against borrowings, guarantees and other commitments

Deposits with bank having original maturity more than 12 months

Note 15 Trade receivables
(Unsecured, considered good unless otherwise stated)

As at March 31, 2019	As at March 31, 2018
2,67,08,068	3,21,78,480
40,45,44,206	35,45,58,845
43,12,52,274	38,67,37,325

- (a) Outstanding for a period exceeding six months from the date they were due for payment
- (b) Other trade receivable

Note 16 Cash and bank balances

As at March 31, 2019	As at March 31, 2018
48,529	96,275
-	5,47,775
2,61,60,400	20,62,480
-	5,00,00,000
2,97,950	29,51,172
1,17,40,000	1,06,27,795
3,82,46,879	6,62,85,497

- (a) Cash and cash equivalents
- Cash on hand
- Cheques, drafts on hand
- Balances with bank
- (i) In current accounts
- (ii) In other deposit accounts
- original maturity of 3 months or less
- (b) Other bank balances
- In earmarked accounts
- Balances held as margin money or security against borrowings, guarantees and other commitments
- Term deposit with bank
- (lien and/or pledged against short term credit facilities with banks)

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Note 17 Short-term loans and advances
(Unsecured, considered good unless otherwise stated)

- (a) Security deposits including earnest money deposit
- (b) Loans and advances to employees
- (c) Prepaid expenses
- (d) Advances to vendors
- (e) Balances with government authorities
- Tax deducted on Source - Goods and Services Tax

As at March 31, 2019	As at March 31, 2018
39,43,768	68,91,772
11,33,027	16,94,383
67,71,255	42,41,822
19,32,066	13,70,304
1,94,527	-
1,39,74,643	1,41,98,281

Note 18 Other current assets

- (a) Interest accrued on deposits
- (b) Unbilled revenue
- (c) Balances with insurance companies

As at March 31, 2019	As at March 31, 2018
24,53,612	70,47,688
3,69,00,000	41,23,572
3,87,497	11,34,592
3,97,41,109	1,23,05,852

Note 19 Revenue from operations

Sale of services

Manpower supply and consultancy fees

Other operating revenues

For the year ended March 31, 2019	For the year ended March 31, 2018
1,90,92,93,033	1,67,87,38,938
1,00,57,873	1,00,25,053
1,91,93,50,906	1,68,87,63,991

Note 20 Other income

- (a) Interest income
 - On bank deposits
 - On loans and advances
 - On income tax refund
- (b) Other non-operating income
 - Profit on sale of fixed assets (net)
 - Liabilities / provisions no longer required written back (net)
 - Other miscellaneous income

For the year ended March 31, 2019	For the year ended March 31, 2018
50,59,816	43,03,442
2,11,065	2,04,740
15,49,921	75,46,139
50,70,377	8,285
69,827	1,08,300
45,059	4,237
1,20,06,065	1,21,75,143

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Note 21 Direct expenses

- (a) Contractual expenses
- (b) Salaries & wages including contribution to provident fund - Associate Employees
- (c) Professional fees
- (d) Accommodation expenses including rent
- (e) Insurance for contract staff
- (f) Tender fees
- (h) Travelling and conveyance

For the year ended March 31, 2019	For the year ended March 31, 2018
13,39,82,992	10,85,59,913
1,27,08,61,269	1,09,91,50,667
25,61,47,502	24,89,36,765
2,98,51,960	2,13,23,446
66,80,425	37,17,480
1,03,294	86,514
12,12,884	9,84,417
1,69,88,40,326	1,48,27,59,201

Note 22 Employee benefits expenses

- (a) Salaries and wages
- (b) Remuneration to directors
- (c) Staff insurance expenses
- (d) Staff welfare
- (e) Training and seminar expenses

For the year ended March 31, 2019	For the year ended March 31, 2018
6,16,64,608	5,87,04,456
3,36,00,000	2,63,16,981
11,91,783	8,48,423
21,61,034	21,02,451
4,31,193	4,26,119
9,90,48,618	8,83,98,430

Note 23 Finance cost

Interest expenses

- (a) On borrowings
- (b) On vehicle loans
- (c) On delayed payment of indirect taxes
- (d) On delayed payment of tax deducted at source
- Other borrowing charges

For the year ended March 31, 2019	For the year ended March 31, 2018
99,40,725	96,95,268
2,97,043	4,02,601
77,245	1,81,363
7,624	111
-	-
1,03,22,637	1,02,79,343

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(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 24 Other expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Advertisement expenses	22,42,071	18,29,947
(b) Bank charges	31,13,929	10,90,161
(c) Brokerage and commission	-	4,20,535
(d) Business promotion	12,90,137	11,36,427
(e) Travelling and conveyance	27,79,306	20,92,293
(f) Expenditure on Corporate Social Responsibility	10,45,490	12,04,700
(g) Donations and contributions	2,22,420	3,43,250
(h) Director's sitting fees	2,80,000	2,20,000
(i) Power and fuel	12,42,435	19,36,586
(j) Insurance	3,46,896	3,80,048
(k) Internet expenses	6,89,080	8,58,584
(l) Legal and professional fees	59,92,194	54,20,771
(m) Payments to auditors (Refer Note below)	11,47,500	12,57,000
(n) Membership and subscription	8,17,526	1,87,023
(o) Repairs and maintenance - buildings	2,61,291	4,26,846
(p) Repairs and maintenance - offices	27,24,614	18,41,043
(q) Repairs and maintenance - vehicles	5,48,564	3,03,565
(r) Printing and stationery	11,25,150	9,87,994
(s) Miscellaneous expenses	19,90,853	8,41,796
(t) Software expenses	13,46,123	8,85,541
(u) Communication expenses	21,64,017	21,38,941
(v) Rates and taxes	1,05,303	3,25,516
(w) Rent	53,59,330	53,86,502
(x) Sundry balances written off	-	1,67,146
(y) Foreign exchange losses (net)	-	20,218
	3,68,34,229	3,17,02,433

Note : Payment to auditors comprise (net of input tax credit available)

	For the year ended March 31, 2019	For the year ended March 31, 2018
For statutory audit	8,00,000	8,00,000
For income tax audit	2,00,000	2,00,000
For taxation and other matters	1,47,500	2,57,000
	11,47,500	12,57,000

Aarvi Encon Limited
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 25 Contingent liabilities and commitments (to the extent not provided for)

	As at March 31, 2019	As at March 31, 2018
(a) Estimated value of contracts remaining to be executed on capital account (net of capital advances)	6,20,000	5,26,20,000
(b) Gratuity - Associate Employees (The said amount is reimbursable from the clients)	2,70,25,556	2,57,66,934
(c) Bank guarantees	2,48,83,427	5,54,73,944
	5,25,28,983	13,38,60,878

Note:

During year under review the company has purchased equity shares of Aarvi Encon Resources Limited, United Kingdom from its Director, and the same is not reported to the Reserve Bank of India (the authorities). However, now in view of the above violation the Company has applied for the compounding with the concerned authorities. The outcome of same is awaited.

Note 26 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	As at March 31, 2019	As at March 31, 2018
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(d) The amount of interest due and payable for the year	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Note 27 Expenditure in foreign currency

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Foreign Travel Expense	5,62,773	8,00,997
(b) Business Promotion Expenses	-	81,058
(c) Advertisement Expenses	8,25,146	6,54,773
	13,87,919	15,36,828

Aarvi Encon Limited
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 28 Earnings in foreign exchange

For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of services	
3,90,550	4,22,927

Note 29 Unhedged foreign currency exposures

Amount in foreign currency	Amount in INR
Trade receivables	
(a) USD	
6,238	4,04,597
(3,374)	(2,18,929)
(b) AED	
-	-
-	-

Note : Figures in italics are previous year figures.

Note 30 Employee benefit plans

30.1 Defined contribution plans

The Company makes contributions towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised Rs 7,34,76,284/- (previous year: Rs 6,36,38,764/-) towards contributions to the following defined contribution plans.

For the year ended March 31, 2019	For the year ended March 31, 2018
Provident fund	
6,79,30,902	5,78,34,177
Employee state insurance scheme	
55,45,382	58,04,587
7,34,76,284	6,36,38,764

30.2 Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- Gratuity - funded (included as part of 'Salaries & wages including contribution to provident fund' in Note 21 Direct expenses). The Company provides the Gratuity benefit through annual contribution to a fund managed by Aditya Birla Sun Life Insurance Company Limited.
- Compensated absences - unfunded (included as part of 'Salaries, wages and bonus' in Note 19 Employee benefits expense)

Aarvi Encon Limited
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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i. Details of the Gratuity plan for Core Employees are as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	52,78,009	41,11,110
Interest cost	4,00,730	2,80,861
Current service cost	9,02,846	8,44,439
Benefit paid from the fund	(95,250)	(94,428)
Actuarial (Gains) /losses on obligations	4,06,146	(3,39,082)
Past service cost	-	4,75,109
Present value of DBO at the end of the year	68,92,481	52,78,009
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	3,95,188	-
Contributions by the Employer	50,50,000	50,50,000
Benefit paid from the fund	(95,250)	-
Actuarial gain / (loss)	(91,756)	-
Plan assets at the end of the year	52,58,182	50,50,000
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	68,92,481	52,78,009
Fair value of plan assets	52,58,182	50,50,000
Funded status [Surplus / (Deficit)]	(16,34,299)	(2,28,009)
Net asset / (liability) recognised in the Balance Sheet		
Composition of the plan assets is as follows		
Insurer managed funds	100%	100%
Expenses recognised in the Statement of Profit or Loss		
Current service cost	9,02,846	8,44,439
Net interest cost	4,00,730	2,80,861
Expected return on plan assets	(3,95,188)	-
Actuarial losses/(gains)	4,97,902	(3,39,082)
Past service cost	35,428	4,75,109
Benefit paid	-	(94,428)
Total expense recognised in the Statement of Profit and Loss	14,41,718	11,66,899
Balance sheet reconciliation		
Opening net liability	52,78,009	41,11,110
Expenses recognised in the Statement of Profit or Loss	14,41,718	11,66,899
Actual company contributions	67,19,727	50,50,000
Net liability / (asset) recognized in the Balance Sheet	-	2,28,009

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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For the year ended March 31, 2019	For the year ended March 31, 2018
Actuarial assumptions	
Discount rate	7.90%
Expected return on plan assets	Not applicable
Salary escalation	7.00%
Attrition	10% at younger ages reducing to 2% at older ages

(ii) The Company recognised **Rs.16,50,637** /- (March 31, 2018: Rs.23,80,878 /-) towards compensated absences.

Note 31 Segment reporting

The Company has only one business segment i.e. "Manpower Supply and Consultancy Services" and two geographical segments India and other geographies.

For the year ended March 31, 2019	For the year ended March 31, 2018
-	-
1,90,89,02,482	1,67,83,16,011
3,90,550	4,22,927
1,90,92,93,033	1,67,87,38,938

- (a) Primary segment
- (b) Secondary segment
 - Revenue (India)
 - Revenue (Outside India)

Note 32 Earnings per equity share

For the year ended March 31, 2019	For the year ended March 31, 2018
6,37,22,165	6,16,08,590
1,47,84,000	1,28,62,893
10	10
4.31	4.79
4.31	4.79

- (a) Profit / (loss) attributable to equity shareholders
- (b) Weighted average number of equity shares
- (c) Nominal value per ordinary share (Rs.)
- (d) Earnings/(loss) per ordinary share for the year (Rs.) - Basic
- (e) Earnings/(loss) per ordinary share for the year (Rs.) - Diluted

Notes:

- (i) The Company has sub divided its equity share of Rs 100 each into 10 Equity share of Rs 10 each with effect from April 28, 2017.
- (ii) "Further, the company has issued bonus shares to its existing shareholders on the basis of issue 5 shares for every 2 shares held with effect from July 17, 2017."
- (iii) The resultant shares on account of sub division and bonus have been considered in computation of weighted average of equity shares for the current year and previous year.

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Note 33 Interest in joint venture

The Company has 30% interest in Aarvi Encon Arabia. The Company has written off the said investment in books of accounts. However, the said Joint Venture is yet to be dissolved.

Note 34 Related party transactions

34.1 Details of related parties

Description of relationship	Names of related parties
(i) Subsidiary companies	Aarvi Engineering and Consultants Private Limited Aarvi Encon FZE Aarvi Encon Resources Limited, UK
(ii) Key Management Personnel (KMP)	Mr. Virendra Sanghavi, Managing Director Mr. Jaydev Sanghavi, Executive Director Mr. Jay Shah, Company Secretary
(iii) Relatives of KMP	Mrs. Niranjana V. Sanghavi, Non-Executive Director (wife of Managing Director) Mr. Ninad Kulkarni (son in law of Managing Director) Mrs. Naini Kulkarni, Proprietor of M/s Aarvi IT Services (daughter of Managing Director) Mrs. Ami J. Sanghavi (wife of Executive Director) Mr. Aditya J. Sanghavi (son of Executive Director)
(iv) Significant influence	Eneryjobz Services Private Limited Aarvi Encon Employees Group Gratuity Fund

Note 34 Related party transactions (continued)

34.2 Transactions with related parties

Particulars	Subsidiary	KMP	Relatives of KMP	Total
Remuneration to Key Management Personnels (KMP)				
Mr. Virendra Sanghavi	-	1,68,00,000	-	1,68,00,000
	-	(1,44,94,425)	-	(1,44,94,425)
Mr. Jaydev Sanghavi	-	1,68,00,000	-	1,68,00,000
	-	(1,18,22,556)	-	(1,18,22,556)
Mr. Jay Shah	-	4,19,635	-	4,19,635

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Particulars	Subsidiary	KMP	Relatives of KMP	Total
Rent	-	(2,41,438)	-	(2,41,438)
Mrs. Niranjana V Sanghavi	-	14,40,000	-	14,40,000
	-	(14,40,000)	-	(14,40,000)
Salaries and wages				
Mrs. Naini N. Kulkarni	-	-	16,25,000	16,25,000
	-	-	(13,87,500)	(13,87,500)
Mrs. Ami J. Sanghavi	-	-	5,85,000	5,85,000
	-	-	(5,84,500)	(5,84,500)
Interest income				
Aarvi Engineering And Consultants Pvt Ltd	-	-	-	-
	(1,12,733)	-	-	(1,12,733)
Aarvi Encon FZE	1,11,122	-	-	1,11,122
	-	-	-	-
Loan Given				
Aarvi Encon FZE	19,97,612	-	-	19,97,612
	-	-	-	-
Director sitting fees				
Mrs Niranjana V Sanghavi	-	-	60,000	60,000
	-	-	(40,000)	(40,000)
Dividend paid				
Mr. Virendra Sanghavi	-	21,70,000	-	21,70,000
	-	-	-	-
Mrs. Niranjana V Sanghavi	-	16,27,500	-	16,27,500
	-	-	-	-
Mr. Jaydev Sanghavi	-	10,85,000	-	10,85,000
	-	-	-	-
Mrs. Ami Jaydev Sanghavi			1,35,625	1,35,625
			-	-
Mr. Aditya Jaydev Sanghavi			81,375	81,375
			-	-
Purchase of equity shares				
“Acquisition of Aarvi Encon Resources Limited, UK from Mr. Jaydev Sanghavi”			8,900	8,900
			-	-
Balances outstanding at the end of the year				
Loans and advances				
Aarvi Encon FZE	19,97,612	-	-	19,97,612
	-	-	-	-
Rent Deposit				
Mrs. Niranjana V Sanghavi	-	70,000	-	70,000

Aarvi Encon Limited
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Particulars	Subsidiary	KMP	Relatives of KMP	Total
Outstanding	-	(70,000)	-	(70,000)
Mr. Virendra Sanghavi	-	67,38,000	-	67,38,000
	-	(36,04,171)	-	(36,04,171)
Mr. Jaydev Sanghavi	-	90,40,800	-	90,40,800
	-	(34,48,769)	-	(34,48,769)
Mrs. Niranjana V Sanghavi	-	1,64,000	-	1,64,000
	-	(36,069)	-	(36,069)
Mrs. Naini N. Kulkarni	-	1,26,104	-	1,26,104
	-	(99,800)	-	(99,800)
Mrs. Ami J. Sanghavi	-	38,540	-	38,540
	-	(41,800)	-	(41,800)

Note: Figures in bracket and in italics relate to the previous year.
Reimbursement of expenses is not reported above.

Note 35 Obligations towards operating leases

The Company has entered into operating lease arrangements for certain facilities and office premises. Non Cancellable leases are disclosed as under:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Non Cancellable Operating Lease		
The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 6 years from 2014 and may be renewed for a further period based on mutual agreement of the parties.		
Future minimum lease payments		
not later than one year	24,31,224	24,31,224
later than one year and not later than five years	68,88,468	1,00,08,528
later than five years		
Lease payments recognised in the Statement of Profit and Loss	53,59,330	53,86,502

Aarvi Encon Limited
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Note 36 Utilization of IPO Proceeds as under:

Sr. No.	Particulars	As per the Prospectus dated September 14, 2017	Actual Utilization of Issue Proceeds till date	Unutilized Issue Proceeds till date	Deviation, if any
1	Working Capital Requirements	10,78,00,000	14,85,39,257	-	-4,07,39,257
2	Acquisitions and Other Strategic Initiatives	4,00,00,000	-	4,00,00,000	-
3	General Corporate Purposes	4,15,00,000	-	-	4,15,00,000
4	Issue Expenses	2,31,36,000	2,38,96,743	-	-7,60,743

Note 37 Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (CSR) Committee as required under section 135 of the Companies Act, 2013. The CSR activities and spent are being planned. Details of CSR expenditure are as follows:

- a) Gross amount required to be spent by the Company during the year
b) Amount spent during the year
i) Construction/ acquisition of any asset
ii) On purposes other than (i) above

For the year ended March 31, 2019	For the year ended March 31, 2018
10,97,342	11,96,967
-	-
10,45,490	12,04,700

Note 38 Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi
"Managing Director"
DIN:00759176"

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042"

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556

INDEPENDENT AUDITOR'S REPORT

To
The Members of,
AARVI ENCON LIMITED

Report on Consolidated Financial Statements

We have audited accompanying consolidated financial statements of **Aarvi Encon Limited** (the "company") and its subsidiaries, a list of the same is annexed herewith by way of an Annexure to this report (collectively the company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. Of the state of affairs of the Company as at March 31st, 2019, and profit/loss, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standard are future described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethic issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statement of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a

separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Key Audit Matter

Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of AS 9 "Revenue Recognition"

The application of the accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period.

Auditor's Responses

Principal Audit Procedures

We assessed the Company's process to identify the impact of adoption of the revenue accounting standard.

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:

- Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.
- Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.
- Selected a sample of continuing and new contracts and performed the following procedures:
 - Read, analysed and identified the distinct performance obligations in these contracts.
 - Compared these performance obligations with that identified and recorded by the Company.

- Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.
- Samples in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.
- Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
- In respect of samples relating to fixed-price contracts, progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems.
- Sample of revenues disaggregated by type and service offerings was tested with the performance obligations specified in the underlying contracts.
- Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.
- We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.

2. Key Audit Matter

Evaluation of Uncertain Tax Positions

The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.

Auditor's Responses

Principal Audit Procedures

Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to

challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of The Company Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and

prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made there under.

We conducted our audit in accordance with the Standards on Auditing Specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's management and Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and by other auditors in terms of their report referred to in the Other

Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statement.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31st March 2019 and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of foreign subsidiary Aarvi Encon (FZE), whose financial statements reflect total assets of Rs.8,55,26,375/- (AED 42,94,618/-) as at 31st March, 2019, total revenue of Rs.14,10,56,994/- (AED 77,19,461/-) and net cash outflow of Rs. 1,08,65,398/- (AED 6,33,222/-) for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors. Also the audit of financial statements of other foreign subsidiary Aarvi Encon Resources Ltd whose financial statements reflect total assets of Rs. 8,900/- is not required to be audited as per the statutory requirements of the respective country.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we further report that:
 1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 2. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 3. the consolidated Balance Sheet, the consolidated Statement of Profit and loss and consolidated Cash Flow Statements dealt with by this Report are in agreement with the books of account;

4. In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
5. On the basis of written representations received from the directors of the Holding Company as on 31st March, 2019 and taken on record by the Board of Directors of the holding company, none of the directors of the group companies incorporated in India is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164(2) of the Act.
6. With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in 'Annexure A', which is based on the auditors' reports of the subsidiary companies incorporated in India.
7. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the group does not have any pending litigations which would impacts its financial position.
 - ii. the group did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the group.

For Arvind H. Shah & Co.
Chartered Accountants

Arvind Shah
(Proprietor)
Membership No. 100/31224
Firm Reg. No. 100577W



Place : Mumbai.
Date : 24th May, 2019

Annexure to the Independent Auditors' Report of Consolidated Financial Statements**List of Subsidiaries**

1. Aarvi Engineering & Consultants Private Limited
2. Aarvi Encon (FZE)
3. Aarvi Encon Resources Ltd



Aarvi Encon Limited

Annexure – A to the Independent Auditor's Report on the Consolidated Financial Statements.

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our Audit of the consolidated Financial Statements of the holding Company as of and for the year ended 31st March, 2019, We have audited the internal financial controls over financial reporting of Aarvi Encon Limited (hereinafter referred to as "the holding company") and its subsidiaries (the holding company and its subsidiaries together referred to as "the Group"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the holding companies and its subsidiaries which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Holding Company's and its Subsidiaries, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary companies which are incorporated in India has, in all

material respects, an adequate internal financial controls system over financial reporting commensurate to its size and nature of business and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Arvind H. Shah & Co.**
Chartered Accountants

Arvind Shah
(Proprietor)
Membership No. 100/31224
Firm Reg. No. 100577W

Place : Mumbai.
Date : 24th May, 2019



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Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

(Currency: Indian Rupees)

	Note	As at March 31, 2019	As at March 31, 2018
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	14,78,40,000	14,78,40,000
(b) Reserves and surplus	4	56,35,83,859	47,78,53,009
		71,14,23,859	62,56,93,009
2 Non-current liabilities			
(a) Long-term borrowings	5	17,21,070	26,44,569
(b) Deferred tax liabilities (net)	6	37,22,259	14,77,615
(c) Long term provisions	7	-	91,976
		54,43,329	42,14,160
3 Current liabilities			
(a) Short-term borrowings	8	7,12,19,448	3,67,31,920
(b) Trade payables	9	17,37,95,625	8,80,94,300
(c) Other current liabilities	10	7,56,13,828	7,22,85,128
(d) Short-term provisions	11	5,000	7,15,509
		32,06,33,901	19,78,26,857
TOTAL		1,03,75,01,089	82,77,34,026
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	11,32,49,789	6,41,79,916
(ii) Intangible assets	12	24,92,402	24,95,818
(iii) Intangible assets under development		8,25,000	-
		11,65,67,191	6,66,75,734
(b) Deferred tax assets (net)	13	16,26,993	14,27,263
(c) Long-term loans and advances	14	27,63,58,659	16,33,40,881
(d) Other non-current assets	15	4,14,52,636	7,23,09,356
		31,94,38,288	23,70,77,500
2 Current assets			
(a) Trade receivables	16	49,65,06,783	41,01,28,277
(b) Cash and cash equivalents	17	4,78,86,516	8,73,48,382
(c) Short-term loans and advances	18	1,73,61,202	1,41,98,281
(d) Other current assets	19	3,97,41,109	1,23,05,852
		60,14,95,610	52,39,80,792
TOTAL		1,03,75,01,089	82,77,34,026
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached.

For Arvind H. Shah & Co.

Chartered Accountants

Firm Registration No. 100577W

For and on behalf of the Board of Directors

Virendra D. Sanghavi

Managing Director

DIN:00759176

Jaydev V. Sanghavi

Executive Director & CFO

DIN:00759042

Arvind H. Shah

Proprietor

Membership No. 031224

Jay Shah

Company Secretary & Compliance Officer

Membership No. A45556

Place : Mumbai

Date : May 24, 2019

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Currency: Indian Rupees)

Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
1 Revenue from operations	20	2,06,03,79,712	1,73,48,43,017
2 Other income	21	1,20,34,253	1,52,93,526
3 Total revenue (1+2)		2,07,24,13,965	1,75,01,36,543
4 Expenses			
(a) Direct expenses	22	1,80,49,04,758	1,51,36,22,069
(b) Employee benefits expense	23	10,09,96,891	8,92,44,094
(c) Finance costs	24	1,04,30,261	1,02,79,343
(d) Depreciation and amortisation expense	12	74,24,833	76,27,759
(e) Other expenses	25	4,24,71,503	3,39,41,244
Total expenses		1,96,62,28,246	1,65,47,14,509
5 Profit before exceptional and extraordinary items and tax (3 - 4)		10,61,85,719	9,54,22,034
6 Exceptional items		-	-
7 Profit before extraordinary items and tax (5 + 6)		10,61,85,719	9,54,22,034
8 Extraordinary items		-	-
9 Profit before tax (7 + 8)		10,61,85,719	9,54,22,034
10 Tax expense / (benefit):			
(a) Current tax expense		1,22,00,000	2,00,62,500
(b) Short / (Excess) provision for tax relating to prior years		7,68,198	(8,65,096)
(c) Net current tax expense		1,29,68,198	1,91,97,404
(d) Deferred tax		20,44,914	(15,20,030)
Net tax expense / (benefit)		1,50,13,112	1,76,77,374
11 Profit from continuing operations (9 - 10)		9,11,72,607	7,77,44,660
12 Profit from discontinuing operations		-	-
13 Profit for the year (11 + 12)		9,11,72,607	7,77,44,660
Earnings per equity share			
Basic & diluted		6.17	6.04
Nominal value of each share		10.00	10.00
See accompanying notes forming part of the financial statements	1-35		

In terms of our report attached.

For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi
Managing Director
DIN:00759176

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(Currency: Indian Rupees)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Profit / (Loss) before extraordinary items and tax	10,61,85,717	9,54,22,035
Adjustments for:		
Depreciation and amortisation expense	74,24,831	76,27,759
Profit on sale /write off of assets	(50,70,377)	-31,02,909
Finance costs	1,03,22,637	1,02,79,343
Interest income	(68,20,802)	(1,20,54,321)
Liabilities / provisions no longer required written back	(69,827)	-1,08,300
Net unrealised exchange (gain) / loss	34,24,813	-4,22,742
Operating profit / (loss) before working capital changes	11,53,96,992	9,76,40,864
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(8,63,78,506)	(5,48,36,315)
Short-term loans and advances	(31,62,921)	71,23,929
Long-term loans and advances	(2,70,93,354)	(1,74,15,400)
Other current assets	(2,74,35,257)	(69,90,001)
Other non-current assets	3,08,56,720	(4,54,48,920)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	8,57,71,152	(4,33,89,927)
Other current liabilities	33,28,701	2,21,65,367
Short-term provisions	(7,28,045)	(34,13,336)
Non-current liabilities	-	-
Cash generated from operations	9,05,55,481	(4,45,63,738)
Net income tax (paid) / refunds	(10,19,84,675)	(2,91,90,668)
Net cash flow from / (used in) operating activities (A)	(1,14,29,194)	(7,37,54,406)
Proceeds from sale of fixed assets		
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(5,64,41,749)	(67,83,025)
Proceeds from sale of fixed assets	52,16,107	76,24,500
Investment in equity shares of wholly owned subsidiary	-	-
Bank balances not considered as Cash and cash equivalents	(11,12,205)	(65,00,000)
Interest received	68,20,802	1,20,54,321
Net cash flow from / (used in) investing activities (B)	(4,55,17,046)	63,95,796
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	21,24,36,000
Expenses incurred on issue of equity shares	30,000	(2,38,96,743)
Proceeds from long term borrowings	10,74,114	(9,09,131)
Repayment of long-term borrowings	-	(13,091)
Proceeds from short term borrowings	3,44,87,528	-
Repayment of short-term borrowings	-	(9,55,86,187)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Finance costs	(1,03,22,637)	(1,02,79,343)
Dividends paid	(73,92,000)	-
Tax on dividend	(15,04,837)	-
Net cash flow from / (used in) financing activities (C)	1,63,72,168	8,17,51,505
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(4,05,74,071)	1,43,92,895
Cash and cash equivalents at the beginning of the year	7,67,20,587	6,23,27,692
Cash and cash equivalents at the end of the year	3,61,46,516	7,67,20,587
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances (Refer Note 17)	4,78,86,516	8,73,48,382
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: #		
In earmarked accounts		
- Term deposit with bank pledged/lienied	1,17,40,000	1,06,27,795
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17	3,61,46,516	7,67,20,587
Cash and balance at the end of the year	4,78,86,516	8,73,48,382

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi
Managing Director
DIN:00759176

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

1 Corporate information

Aarvi Encon Limited (referred to as “the Company”) is a Human Resource Company, offering capable manpower resources to businesses. The Company was incorporated as Aarvi Encon Private Limited under the provisions of the Companies Act 1956 vide certificate of incorporation dated December 03, 1987, issued by the Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of the Company was changed to Aarvi Encon Limited pursuant to conversion into a public company vide Shareholders’ approval on June 13, 2017 and fresh certificate of incorporation dated July 05, 2017 issued.

The Company undertook an Initial Public issue of equity shares and subsequently got its equity shares listed on the National Stock Exchange, Emerge (SME Segment) with effect from 05.10.2017.”

2 Significant accounting policies

2.1 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries and jointly controlled entities (together the “Group”) have been prepared in accordance with the requirements of section 133 of the Companies Act, 2013 (to the extent notified), read with Rule 7 of the Companies (Accounts) Rules, 2014, and other generally accepted accounting principles (GAAP) in India, to the extent applicable, under the historical cost convention, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006. The accounting policies adopted in preparation of the financial statement are consistent with those followed in the previous year unless otherwise stated.

2.2 Principles of consolidation

The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- (i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions an unrealised profits or losses have been fully eliminated.
- (ii) In case of foreign subsidiaries, revenue items are consolidated at average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on the consolidation is recognised in “Foreign Currency Translation Reserve.
- (iii) Profits or losses resulting from intra-group transactions that are recognised in assets such as inventory and property, plant & equipment, are eliminated in full.
- (iv) Offset (eliminate) the carrying amount of the parent’s investment in each subsidiary and the parents portion of equity of each subsidiary.
- (v) Non-controlling interest’s share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- (vi) Non-controlling interest’s share of net assets of consolidated subsidiaries for the year is identified and presented in the consolidated balance sheet separate from liability and equity of the Company’s shareholders.

2.3 Use of estimates

The preparation of the financial statements are in conformity with the Indian GAAP which requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

results and the estimates are recognised in the periods in which the results are known / materialise.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Fixed Assets (Tangible / Intangible)

Tangible fixed assets

Tangible fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Tangible fixed assets under construction are disclosed as Capital work-in-progress.

Intangible assets:

Intangible assets include computer software and licenses acquired by the company.

Intangible assets, all of which have been acquired and are controlled through custody or legal rights are capitalised at cost, where they can be reliably measured.

2.7 Depreciation and amortisation

Tangible Assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible Assets

Intangible assets are amortised over their estimated useful life on written down value method.

2.8 Impairment of assets

At each balance sheet date, the management reviews the carrying amounts of its assets included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognised as income in the statement of profit and loss.

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

2.9 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. The total lease rentals in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on the terms of the agreement and the effect of lease equalisation is not given considering the increment is on account of inflation factor.

2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Revenue recognition

Income from services

- (i) Revenue from services i.e. manpower supply and consultancy are recognised on accrual basis, when no significant uncertainty exists regarding the amount of consideration that will be received from rendering of services.
- (ii) Revenue related to staffing services i.e salary and incidental expenses of temporary associates alongwith the service charge are recognised in accordance with the agreed terms, which is recognised as and when the related services are performed.
- (iii) Unbilled revenue represents the cost incurred in relation to the staffing contracts for which bills are not yet due and can be raised only in the subsequent year."

2.12 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.13 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.14 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined contribution plans

The Company makes specified monthly contributions to the government administered provident fund scheme and employee state insurance scheme, which is a defined contribution scheme. The Company's contribution paid / payable under the scheme is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

In addition to the above, the Company does not recognise its liability in respect of gratuity for associate employees and its right of reimbursement as an asset."

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.15 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The weighted average number of equity shares outstanding during the year is adjusted for subdivision of shares and bonus issue.

2.17 Taxes on income

Tax expenses comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right to set off current tax assets against current tax liabilities and

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company recognises/ writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, the sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is substantially reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets will be realised."

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities

are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Share issue expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

2.20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.21 Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the underlying goods or service received is accounted and when there is reasonable certainty in availing / utilising the credits.

2.22 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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3 Share capital

Authorised

1,50,00,000 equity shares of Rs.10/- each (March 31, 2018: 1,50,00,000 equity shares of Rs.10/- each)

Issued, Subscribed and Fully paid up

1,47,84,000 equity shares of Rs.10/- each (March 31, 2018: 1,47,84,000 equity shares of Rs.10/- each)

As at March 31, 2019	As at March 31, 2018
15,00,00,000	15,00,00,000
14,78,40,000	14,78,40,000

3a Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
Opening balance	1,47,84,000	14,78,40,000	3,10,000	3,10,00,000
Subdivision of shares (Refer Note 1 below)	-	-	27,90,000	-
Issue of Bonus Shares (Refer Note 2 below)	-	-	77,50,000	7,75,00,000
Fresh Issue of shares during the year (Refer Note 3 below)	-	-	39,34,000	3,93,40,000
Closing balance	1,47,84,000	14,78,40,000	1,47,84,000	14,78,40,000

Notes:

- Pursuant to the resolution passed by the Shareholders of the Company in the Extra Ordinary General Meeting of the Company held on April 28, 2017, each existing Equity Share of the Company having face value of Rs. 100/- (Rupees Hundred) each has got sub-divided into 10 (Ten) Equity Shares having face value of Rs. 10/- (Rupees Ten) each fully paid up.
- The Company has issued and allotted 77,50,000 equity shares of Rs. 10/- each to the eligible holders of equity shares as per the Board resolution dated July 17, 2017 by capitalizing reserves. The basis of issue is five (5) shares for every two (2) shares held.
- The Company has issued and allotted 39,34,000 equity shares of Rs. 10/- each at a premium of Rs. 44/- per share as per Board resolution dated September 29, 2017.

3b Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of Rs 10 each. Each shareholder is eligible for one vote per share held. The final dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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3c Particulars of shareholders holding more than 5% shares of the aggregate shares of the Company

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Equity Shares				
Mr. Virendra Dalpatram Sanghavi	43,40,000	29.36%	43,40,000	29.36%
Mrs. Niranjana Virendra Sanghavi	32,55,000	22.02%	32,55,000	22.02%
Mr. Jaydev Virendra Sanghavi	21,70,000	14.68%	21,70,000	14.68%

Note 4 Reserves and surplus

	As at March 31, 2019	As at March 31, 2018
(a) General reserve		
Opening & closing balance	5,67,36,562	5,67,36,562
(b) Securities premium account		
Opening balance	14,91,99,257	-
Add : Premium on shares issued during the year	-	17,30,96,000
Less : Utilised during the year for:		
Writing off shares issue expenses	(30,000)	2,38,96,743
Closing balance	14,92,29,257	14,91,99,257
(c) Foreign currency translation reserve		
Opening balance	(4,38,643)	(15,900)
Add / (Less): Effect of foreign exchange rate variations during the year	34,25,080	(4,22,743)
Closing balance	29,86,437	(4,38,643)
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	27,23,55,833	26,78,60,763
Add: Profit / (Loss) for the year	9,11,72,607	7,77,44,660
Provision for tax of earlier year 2013-14	-	83,61,520
Provision adjustment	-	-
Less: Final Dividend	73,92,000	-
Tax on dividend	15,04,837	-
Provision for tax of earlier year 2013-14	-	-
Issuing bonus shares	-	7,75,00,000
Provision for gratuity	-	41,11,110
Closing balance	35,46,31,603	27,23,55,833
	56,35,83,859	47,78,53,009

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Note 5 Long-term borrowings

	As at March 31, 2019		As at March 31, 2018	
	Non-current	Current	Non-current	Current
Secured				
Vehicle loan from Non-Banking Financial Companies (refer Note 1 & 2 below)	10,54,534	12,62,632	20,20,124	14,38,980
	10,54,534	12,62,632	20,20,124	14,38,980
Unsecured				
Loan from bank	-	-	-	-
Loan from Non-Banking Financial Companies	-	-	-	3,73,460
Other loans from individual	6,66,536	-	6,24,445	-
	6,66,536	-	6,24,445	3,73,460
	17,21,070	12,62,632	26,44,569	18,12,440

Notes:

- Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 84 equated monthly instalments of Rs 48,200/- each (including interest), commencing from November 2013 onwards.
- Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 35 equated monthly instalments of Rs 16,385/- each (including interest), commencing from May, 2017 onwards.

Note 6 Deferred tax liabilities (net)

	As at March 31, 2019	As at March 31, 2018
(a) Tax effect of items constituting deferred tax liabilities		
On difference between book balance and tax balance of fixed assets	38,61,065	16,64,453
(b) Tax effect of items constituting deferred tax assets		
Provision for compensated absences, gratuity and other employee benefits	1,38,806	1,86,838
	37,22,259	14,77,615

Note 7 Long-term provisions

	As at March 31, 2019	As at March 31, 2018
Provision for income tax (net)	-	91,976
	-	91,976

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Note 8 Short-term borrowings

Secured

Loans repayable on demand from banks
Cash credit facility (refer Note 1 & 2 below)
Vehicle loan from Non-Banking Financial Companies (refer Note 5)

Unsecured

Loan from Non-Banking Financial Companies

As at March 31, 2019	As at March 31, 2018
6,99,56,816	3,49,19,481
12,62,632	14,38,980
-	3,73,460
7,12,19,448	3,67,31,920

Notes:

1 In respect of Cash Credit from Yes Bank

- Pari Passu charge on hypothecation charge on Current Assets and all movable fixed assets.
- Equitable mortgage of commercial properties located at Shah & Nahar Industrial Estate, Lower Parel (Mumbai), Jetalpur (Baroda), and Marathon Nextgen Realty Limited, Lower Parel (Mumbai).
- Unconditional and Irrevocable Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi and Mrs Niranjana Sanghavi.
- Rs. 73,50,000/- in the form of fixed deposit receipt placed under bank lien.

2 In respect of Cash Credit and Working Capital demand loan from Citi Bank

- First Pari Passu charge on present and future stocks, book debts and movable fixed assets.
- Pari Passu charge on property located at - Shah & Nahar Industrial Estate, Lower Parel (Mumbai), Jetalpur (Baroda), Marathon Nextgen Realty Limited, Lower Parel (Mumbai) and Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.
- Personal guarantees of Mr Jaydev Sanghavi, Mr Virendra Sanghavi and Mrs Niranjana Sanghavi.
- Pledged fixed deposits amounting to INR 30,00,000/-.

Note 9 Trade payables

Dues to micro small and medium enterprises (refer Note below)
Dues to others

As at March 31, 2019	As at March 31, 2018
-	-
17,37,95,625	8,80,94,300
17,37,95,625	8,80,94,300

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Note:

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

Note 10 Other current liabilities

- (a) Statutory remittances:
- Tax deducted at source and equilisation levy payable
 - Provident fund, ESIC and Profession Tax payable
 - Service tax, VAT and WCT payable
 - Goods and Service Tax payable
- (b) Trade / security deposits received
- (c) Advances received from customers
- (d) Payables to employees
- (e) Others
- (f) Dividend payable

As at March 31, 2019	As at March 31, 2018
54,37,692	76,20,008
1,30,68,187	1,12,97,325
-	3,541
5,08,80,407	4,77,53,202
13,76,960	77,730
-	-
40,85,711	45,39,235
7,52,871	9,94,088
12,000	-
7,56,13,828	7,22,85,128

Note 11 Short-term provisions

- Provision for employee benefits
- Provision for gratuity (net)
- Provision for income tax (net)

As at March 31, 2019	As at March 31, 2018
-	2,28,009
5,000	4,87,500
5,000	7,15,509

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Note 12 Fixed Assets

Particulars	Gross Block		Balance as at March 31, 2019	Depreciation		Balance as at March 31, 2019	Net Block Balance as at March 31, 2019
	Balance as at April 1, 2018	Additions		Disposals	Balance as at April 1, 2018	Depreciation for the Year	
I. Tangible fixed assets							
Office Premises	6,95,56,253	5,46,69,251	11,33,24,504	1,09,01,000	1,97,40,776	22,89,912	9,56,22,481
Plant and Machinery	7,65,03,743	-	6,95,56,253	69,47,490	1,94,87,020	27,70,489	4,98,15,477
Electrical Installation	90,25,786	23,78,704	1,14,04,490	-	45,60,795	10,88,024	57,55,671
Furniture and Fixtures	60,42,677	29,83,109	90,25,786	-	40,45,267	5,15,528	44,84,991
Office Equipments	30,47,158	7,29,894	37,77,052	-	21,90,948	2,33,756	13,52,348
Computers	30,47,158	-	30,47,158	-	18,84,743	3,06,205	8,56,210
Vehicles	1,19,60,840	22,70,640	1,40,85,750	1,45,730	1,01,92,710	5,26,495	33,79,673
	1,17,92,055	1,70,000	1,19,60,840	1,215	96,01,748	5,90,962	17,68,130
	1,12,95,019	7,52,390	1,20,47,409	-	1,06,74,052	2,33,010	11,40,347
	1,10,03,898	2,91,122	1,12,95,019	-	1,04,20,248	2,53,804	6,20,968
	3,65,50,477	14,01,063	3,79,51,540	-	3,47,84,234	11,45,552	20,21,754
	3,51,91,642	13,58,835	3,65,50,477	-	3,40,13,292	7,70,942	17,66,243
	1,95,35,213	8,74,371	1,99,98,730	4,10,854	1,46,47,316	17,62,667	39,77,514
	1,96,11,575	7,51,359	1,95,35,213	8,27,721	1,31,39,819	22,45,600	48,87,897
Total - I	16,09,70,746	6,30,76,312	21,25,89,474	1,14,57,584	9,67,90,830	72,79,417	11,32,49,789
Total - Previous year	16,31,92,748	55,54,425	16,09,70,746	77,76,426	9,25,92,137	74,53,529	6,41,79,916
II. Intangible fixed assets							
Softwares	10,81,837	1,42,000	12,23,837	-	5,97,947	1,45,416	4,80,474
Goodwill on Consolidation (Refer Note No 2)	8,73,237	2,08,600	10,81,837	-	4,23,717	1,74,230	4,83,890
	20,11,928	-	20,11,928	-	-	-	20,11,928
Total - II	20,11,928	-	20,11,928	-	-	-	-
Total - Previous year	30,93,765	1,42,000	32,35,765	-	5,97,947	1,45,416	24,92,402
Total (I + II)	8,73,237	2,08,600	10,81,837	-	4,23,717	1,74,230	5,97,947
Previous Year	16,40,64,511	6,32,18,312	21,58,25,239	1,14,57,584	9,73,88,777	74,24,833	10,00,83,049
	16,40,65,985	57,63,025	16,20,52,583	77,76,426	9,30,15,854	76,27,759	9,73,88,777
							6,66,75,734

Note 1: Figures in italics are previous year figures.

Note 2 : The amount of goodwill shown above represents the excess paid by the parent company over the portion of the equity of subsidiary.

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Note 13 Deferred tax assets (net)

As at March 31, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax assets	
Carry forward of unabsorbed depreciation and business losses	15,21,981
On difference between book balance and tax balance of fixed assets	13,62,701
	64,562
16,26,993	14,27,263

Note 14 Long-term loans and advances
(Unsecured, considered good unless otherwise stated)

As at March 31, 2019	As at March 31, 2018
(a) Capital advances	59,04,570
(b) Security deposits including earnest money deposit	69,24,570
(c) Advance income tax (net of provisions Rs. 22,25,26,355/- (As at March 31, 2018 Rs.20,30,26,355/-))	4,29,34,839
(d) Prepaid expenses	2,49,64,131
(e) Investments - Bon Accord Employment Services	21,58,23,013
	12,68,80,976
	6,694
	1,16,96,238
	45,64,510
27,63,58,659	16,33,40,881

Note 15 Other non-current assets
(Unsecured, considered good unless otherwise stated)

As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Banks	
(a) Balances held as margin money or security against borrowings, guarantees and other commitments	12,30,900
(b) Deposits with bank having original maturity more than 12 months	3,23,09,356
(c) Balances with government authorities	4,02,21,736
Goods and Services Tax receivable	4,00,00,000
	-
	-
4,14,52,636	7,23,09,356

Note 16 Trade receivables
(Unsecured, considered good unless otherwise stated)

As at March 31, 2019	As at March 31, 2018
(a) Outstanding for a period exceeding six months from the date they were due for payment	2,67,08,068
(b) Other trade receivable	3,21,78,480
	46,97,98,715
	37,79,49,797
49,65,06,783	41,01,28,277

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Note 17 Cash and bank balances

	As at March 31, 2019	As at March 31, 2018
(a) Cash and cash equivalents		
Cash on hand	1,78,110	1,66,686
Cheques, drafts on hand	-	5,47,775
Balances with bank		
(i) In current accounts	3,56,70,456	2,30,54,954
(ii) In other deposit accounts - original maturity of 3 months or less"	-	5,00,00,000
(b) Other bank balances		
In earmarked accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	2,97,950	29,51,172
Term deposit with bank	1,17,40,000	1,06,27,795
(lien and/or pledged against short term credit facilities with banks)		
	4,78,86,516	8,73,48,382

Note 18 Short-term loans and advances
(Unsecured, considered good unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
(a) Security deposits including earnest money deposit	49,24,703	68,91,772
(b) Loans and advances to employees	19,90,715	16,94,383
(c) Prepaid expenses	74,16,977	42,41,823
(d) Advances to vendors	28,34,280	13,70,304
(e) Balances with government authorities		
Tax deducted on Source - Goods and Services Tax	1,94,527	-
	1,73,61,202	1,41,98,281

Note 19 Other current assets

	As at March 31, 2019	As at March 31, 2018
(a) Interest accrued on deposits	24,53,612	70,47,688
(b) Unbilled revenue	3,69,00,000	41,23,572
(c) Balances with insurance companies	3,87,497	11,34,592
	3,97,41,109	1,23,05,852

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Note 20 Revenue from operations

	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of services		
Manpower supply and consultancy fees	2,05,03,21,839	1,72,48,17,964
Other operating revenues	1,00,57,873	1,00,25,053
	2,06,03,79,712	1,73,48,43,017

Note 21 Other income

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Interest income		
On bank deposits	50,59,816	43,03,442
On loans and advances	2,11,065	92,007
On income tax refund	15,49,921	75,46,139
(b) Other non-operating income		
Profit on sale of fixed assets	50,70,377	31,02,909
Liabilities / provisions no longer required written back (net)	69,827	2,43,512
Other miscellaneous income	73,247	5,517
	1,20,34,253	1,52,93,526

Note 22 Direct expenses

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Contractual expenses	13,39,82,992	12,27,51,681
(b) Salaries & wages including contribution to provident fund - Associate Employees	1,32,88,05,656	1,12,07,77,008
(c) Professional fees	30,32,96,089	25,81,73,291
(d) Accommodation expenses including rent	2,98,51,960	71,31,678
(e) Insurance for contract staff	66,80,425	37,17,480
(f) Tender fees	1,03,294	86,514
(h) Travelling and conveyance	21,84,342	9,84,417
	1,80,49,04,758	1,51,36,22,069

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Note 23 Employee benefits expenses

For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Salaries and wages	6,31,99,225
(b) Remuneration to directors	5,95,06,718
(c) Staff insurance expenses	2,63,16,981
(d) Staff welfare	8,91,825
(e) Training and seminar expenses	25,65,121
	21,02,451
	4,31,193
	4,26,119
10,09,96,891	8,92,44,094

Note 24 Finance cost

Interest expenses

- (a) On borrowings
- (b) On vehicle loans
- (c) On delayed payment of indirect taxes
- (d) On delayed payment of tax deducted at source
- Other borrowing charges

For the year ended March 31, 2019	For the year ended March 31, 2018
1,00,48,349	97,30,602
2,97,043	3,67,267
77,245	1,81,363
7,624	111
-	-
1,04,30,261	1,02,79,343

Note 25 Other expenses

- (a) Advertisement expenses
- (b) Bank charges
- (c) Brokerage and commission
- (d) Business promotion
- (e) Travelling and conveyance
- (f) Expenditure on Corporate Social Responsibility
- (g) Donations and contributions
- (h) Director's sitting fees
- (i) Power and fuel
- (j) Insurance
- (k) Internet expenses
- (l) Legal and professional fees
- (m) Payments to auditors (Refer Note below)
- (n) Membership and subscription

For the year ended March 31, 2019	For the year ended March 31, 2018
27,09,887	18,29,947
34,14,208	12,07,641
-	4,20,535
12,90,137	11,36,427
49,64,542	38,53,189
10,45,490	12,04,700
2,22,420	3,43,250
2,80,000	2,20,000
12,69,145	19,36,586
3,46,896	3,80,048
6,89,080	8,58,584
61,07,378	56,67,280
12,19,039	12,57,000
8,17,526	1,87,023

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	For the year ended March 31, 2019	For the year ended March 31, 2018
(o) Repairs and maintenance - buildings	2,61,291	4,26,846
(p) Repairs and maintenance - offices	27,24,614	19,17,671
(q) Repairs and maintenance - vehicles	5,48,564	3,03,565
(r) Printing and stationery	11,25,498	9,87,994
(s) Miscellaneous expenses	21,33,188	8,41,794
(t) Software expenses	13,46,123	8,85,541
(u) Communication expenses	21,98,417	21,40,247
(v) Rates and taxes	23,98,730	3,61,392
(w) Rent	53,59,330	53,86,502
(x) Sundry balances written off	-	1,67,264
(y) Foreign exchange losses (net)	-	20,218
	4,24,71,503	3,39,41,244

Note 26 Contingent liabilities and commitments (to the extent not provided for)

	As at March 31, 2019	As at March 31, 2018
(a) Estimated value of contracts remaining to be executed on capital account (net of capital advances)	6,20,000	5,26,20,000
(b) Gratuity - Associate Employees (The said amount is reimbursable from the clients)	2,70,25,556	2,57,66,934
(c) Bank guarantees	2,48,83,427	5,54,73,944
	5,25,28,983	13,38,60,878

Note:

During year under review the company has purchased equity shares of Aarvi Encon Resources Limited, United Kingdom from its Director, and the same is not reported to the Reserve Bank of India (the authorities). However, now in view of the above violation the Company has applied for the compounding with the concerned authorities. The outcome of the same is awaited.

Note 27 Employee benefit plans

27.1 Defined contribution plans

The Company makes contributions towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised Rs 7,33,24,812/- (previous year: Rs 6,36,38,764/-) towards contributions to the following defined contribution plans.

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Provident fund
Employee state insurance scheme

As at March 31, 2019	As at March 31, 2018
6,77,79,430	5,78,34,177
55,45,382	58,04,587
7,33,24,812	6,36,38,764

27.2 Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- Gratuity - funded (included as part of 'Salaries & wages including contribution to provident fund' in Note 21 Direct expenses). The Company provides the Gratuity benefit through annual contribution to a fund managed by Aditya Birla Sun Life Insurance Company Limited.
- Compensated absences - unfunded (included as part of 'Salaries, wages and bonus' in Note 19 Employee benefits expense)
- Details of the Gratuity plan for Core Employees are as follows:

For the year ended March 31, 2019	For the year ended March 31, 2018
52,78,009	41,11,110
4,00,730	2,80,861
9,02,846	8,44,439
(95,250)	(94,428)
4,06,146	(3,39,082)
-	4,75,109
68,92,481	52,78,009
-	-
3,95,188	-
50,50,000	50,50,000
(95,250)	-
(91,756)	-
52,58,182	50,50,000
68,92,481	52,78,009
52,58,182	50,50,000
(16,34,299)	(2,28,009)

Change in defined benefit obligations (DBO) during the year

Present value of DBO at beginning of the year

Interest cost

Current service cost

Benefit paid from the fund

Actuarial (Gains) /losses on obligations

Past service cost

Present value of DBO at the end of the year

Change in fair value of assets during the year

Plan assets at beginning of the year

Expected return on plan assets

Contributions by the Employer

Benefit paid from the fund

Actuarial gain / (loss)

Plan assets at the end of the year

Net asset / (liability) recognised in the Balance Sheet

Present value of defined benefit obligation

Fair value of plan assets

Funded status [Surplus / (Deficit)]

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 27 Employee benefit plans (continued)

27.2 Defined benefit plans (continued)

Net asset / (liability) recognised in the Balance Sheet

Composition of the plan assets is as follows

Insurer managed funds

Expenses recognised in the Statement of Profit or Loss

Current service cost

Net interest cost

Expected return on plan assets

Actuarial losses/(gains)

Past service cost

Benefit paid

Total expense recognised in the Statement of Profit and Loss

Balance sheet reconciliation

Opening net liability

Expenses recognised in the Statement of Profit or Loss

Actual company contributions

Net liability / (asset) recognized in the Balance Sheet

Actuarial assumptions

Discount rate

Expected return on plan assets

Salary escalation

Attrition

	For the year ended March 31, 2019	For the year ended March 31, 2018
100%	100%	
Current service cost	9,02,846	8,44,439
Net interest cost	4,00,730	2,80,861
Expected return on plan assets	(3,95,188)	-
Actuarial losses/(gains)	4,97,902	(3,39,082)
Past service cost	35,428	4,75,109
Benefit paid	-	(94,428)
Total expense recognised in the Statement of Profit and Loss	14,41,718	11,66,899
Balance sheet reconciliation		
Opening net liability	52,78,009	41,11,110
Expenses recognised in the Statement of Profit or Loss	14,41,718	11,66,899
Actual company contributions	67,19,727	50,50,000
Net liability / (asset) recognized in the Balance Sheet	-	2,28,009
Actuarial assumptions		
Discount rate	7.90%	7.90%
Expected return on plan assets	Not applicable	Not applicable
Salary escalation	7.00%	7.00%
Attrition	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages

(ii) The Company recognised **Rs.16,50,637** /- (March 31, 2018: Rs.23,80,878 /-) towards compensated absences.

Note 28 Segment reporting

The Company has only one business segment i.e. "Manpower Supply and Consultancy Services" and two geographical segments India and other geographies.

(a) Primary segment

(b) Secondary segment

Revenue (India)

Revenue (Outside India)

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Primary segment	-	-
(b) Secondary segment		
Revenue (India)	1,90,10,02,482	1,67,83,16,011
Revenue (Outside India)	14,14,19,356	4,65,01,953
	2,04,24,21,839	1,72,48,17,964

Aarvi Encon Limited
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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 29 Earnings per equity share

	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Profit / (loss) attributable to equity shareholders	9,11,72,607	7,77,44,660
(b) Weighted average number of equity shares	1,47,84,000	1,28,62,893
(c) Nominal value per ordinary share (Rs.)	10	10
(d) Earnings/(loss) per ordinary share for the year (Rs.) - Basic	6.17	6.04
(e) Earnings/(loss) per ordinary share for the year (Rs.) - Diluted	6.17	6.04

Notes:

- (i) The Company has sub divided its equity share of Rs 100 each into 10 Equity share of Rs 10 each with effect from April 28, 2017.
- (ii) Further, the company has issued bonus shares to its existing shareholders on the basis of issue 5 shares for every 2 shares held with effect from July 17, 2017.
- (iii) The resultant shares on account of sub division and bonus have been considered in computation of weighted average of equity shares for the current year and previous year.

Note 30 Related party transactions

30.1 Details of related parties

Description of relationship	Names of related parties
(i) Key Management Personnel (KMP)	Mr. Virendra Sanghavi, Managing Director Mr. Jaydev Sanghavi, Executive Director and CFO Mr. Jay Shah, Company Secretary
(ii) Relatives of KMP	Mrs. Niranjana V Sanghavi, Non-Executive Director (Wife of Managing Director) Mr. Ninad Kulkarni (son in law of Managing Director) Mrs. Naini Kulkarni, Proprietor of M/s Aarvi IT Services (daughter of Managing Director) Mrs. Ami J. Sanghavi (wife of Executive Director) Mr. Aditya J. Sanghavi (son of Executive Director)
(iii) Significant influence	Energys Services Private Limited Aarvi Encon Employees Group Gratuity Fund

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

30.2 Transactions with related parties

Particulars	KMP	Relatives of KMP	Total
Remuneration to Key Management Personnels (KMP)			
Mr. Virendra Sanghavi	1,68,00,000	-	1,68,00,000
	(1,44,94,425)	-	(1,44,94,425)
Mr. Jaydev Sanghavi	1,68,00,000	-	1,68,00,000
	(1,18,22,556)	-	(1,18,22,556)
Mr. Jay Shah	4,19,635	-	4,19,635
	(2,41,438)	-	(2,41,438)
Rent			
Mrs. Niranjana V Sanghavi	14,40,000	-	14,40,000
	(14,40,000)	-	(14,40,000)
Salaries and wages			
Mrs. Naini N. Kulkarni	-	16,25,000	16,25,000
	-	(13,87,500)	(13,87,500)
Mrs. Ami J. Sanghavi	-	5,85,000	5,85,000
	-	(5,84,500)	(5,84,500)
Director sitting fees			
Mrs Niranjana V Sanghavi	-	60,000	60,000
	-	(40,000)	(40,000)
Dividend paid			
Mr. Virendra Sanghavi	21,70,000	-	21,70,000
	-	-	-
Mrs. Niranjana V Sanghavi	16,27,500	-	16,27,500
	-	-	-
Mr. Jaydev Sanghavi	10,85,000	-	10,85,000
	-	-	-
Mrs. Ami Jaydev Sanghavi		1,35,625	1,35,625
		-	-
Mr. Aditya Jaydev Sanghavi		81,375	81,375
		-	-
Purchase of equity shares			
Acquisition of Aarvi Encon Resources Limited, UK from Mr. Jaydev Sanghavi	8,900		8,900
Balances outstanding at the end of the year			
Rent Deposit			
Mrs. Niranjana V Sanghavi	70,000	-	70,000
	(70,000)	-	(70,000)
Outstanding			
Mr. Virendra Sanghavi	-	67,38,000	67,38,000
	-	(36,04,171)	(36,04,171)

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Particulars	KMP	Relatives of KMP	Total
Mr. Jaydev Sanghavi	-	90,40,800	90,40,800
	-	(34,48,769)	(34,48,769)
Mrs. Niranjana V Sanghavi	-	1,64,000	1,64,000
	-	(36,069)	(36,069)
Mrs. Naini N. Kulkarni	-	1,26,104	1,26,104
	-	(99,800)	(99,800)
Mrs. Ami J. Sanghavi	-	38,540	38,540
	-	(41,800)	(41,800)

Note: Figures in bracket and in italics relate to the previous year.
Reimbursement of expenses is not reported above.

Note 31 Obligations towards operating leases

The Company has entered into operating lease arrangements for certain facilities and office premises. Non Cancellable leases are disclosed as under:

Non Cancellable Operating Lease

The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 6 years from 2014 and may be renewed for a further period based on mutual agreement of the parties.

Future minimum lease payments

not later than one year

later than one year and not later than five years

later than five years

Lease payments recognised in the Statement of Profit and Loss

	For the year ended March 31, 2019	For the year ended March 31, 2018
	24,31,224	24,31,224
	68,88,468	1,00,08,528
	51,56,728	53,86,502

Note 32 Utilization of IPO Proceeds as under:

Sr. No.	Particulars	As per the Prospectus dated September 14, 2017	Actual Utilization of Issue Proceeds till date	Unutilized Issue Proceeds till date	Deviation, if any
1	Working Capital Requirements	10,78,00,000	14,85,39,257	-	-4,07,39,257
2	Acquisitions and Other Strategic Initiatives	4,00,00,000	-	4,00,00,000	-
3	General Corporate Purposes	4,15,00,000	-	-	4,15,00,000
4	Issue Expenses	2,31,36,000	2,38,96,743	-	-7,60,743

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
(Currency: Indian Rupees)

Note 33 Corporate Social Responsibility

The Company has constituted Corporate Social Responsibility (CSR) Committee as required under section 135 of the Companies Act, 2013. The CSR activities and spent are being planned. Details of CSR expenditure are as follows:

	For the year ended March 31, 2019	For the year ended March 31, 2018
a) Gross amount required to be spent by the Company during the year	10,97,342	11,96,967
b) Amount spent during the year		
i) Construction/ acquisition of any asset	-	-
ii) On purposes other than (i) above	10,45,490	12,04,700

Note 34 Previous year's figures

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W

Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 24, 2019

For and on behalf of the Board of Directors

Virendra D. Sanghavi
"Managing Director"
DIN:00759176"

Jaydev V. Sanghavi
Executive Director & CFO
DIN:00759042"

Jay Shah
Company Secretary & Compliance Officer
Membership No. A45556





AARVI ENCON LIMITED

Regd. Office: B1-603, Marathon Innova, Marathon Next Gen, Lower Parel (W), Mumbai - 400013

CIN: L29290MH1987PLC045499

Phone : 022 4049 9999 Website: www.aarviencon.com

ATTENDANCE SLIP

31ST ANNUAL GENERAL MEETING HELD ON THURSDAY, 07TH AUGUST, 2019

Name of the Member(s):	
Folio No./ DP ID and Client ID:	
Name of the Proxy:	
(to be filled if proxy attends)	
No. of Shares Held:	
	(Figures)
	(in words)

I certify that I am a shareholder/proxy for the shareholder of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company held on Tuesday, 06th August, 2019 at 11.30 A.M., at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubhash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai – 400 001.

Member's/Proxy's Signature

Note:

1. Shareholder/Proxy must bring the Attendance slip to the Meeting and hand it over, duly signed, at the registration counter.
2. The copy of the Notice may please be brought to the Meeting Hall.





AARVI ENCON LIMITED

Regd. Office: B1-603, Marathon Innova, Marathon Next Gen, Lower Parel (W), Mumbai - 400013

CIN: L29290MH1987PLC045499

Phone : 022 4049 9999 Website: www.aarviencon.com

FORM NO. MGT – 11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : _____

Registered Address : _____

e-mail ID : _____

Folio No./ DP ID and Client ID : _____

I/We being holders(s) of _____ shares of Aarvi Encon Limited hereby appoint:

1. Name : _____

E-mail ID : _____

Address : _____

Signature _____

or failing him/her

2. Name : _____

E-mail ID : _____

Address : _____

Signature _____

or failing him/her

3. Name : _____

E-mail ID : _____

Address : _____

as my/our proxy to attend and vote for me/us on my/our behalf at the 31st Annual General Meeting of the Company to be held on Tuesday, 06th August, 2019 at 11.30 A.M., at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubhash Marg, Behind Prince of wales Museum, Kalaghoda, Fort, Mumbai – 400 001 and at any adjournment thereof and in respect of such resolution as are indicated below:

Resolution No.	Resolution	For*	Against*
1.	Adoption of the Audited Standalone and Consolidated Financial Statement for the financial year ended on March 31, 2019 together with the Reports of the Board of Directors and the Auditors thereon.		
2.	Appointment of Mr. Virendra D. Sanghavi (DIN: 00759176) a Director retiring by rotation.		
3.	Declaration of Dividend on the Equity Shares of the Company		
4.	Change in Remuneration of Mr. Virendra D. Sanghavi, Managing Director of the Company		
5.	Change in Remuneration of Mr. Jaydev V. Sanghavi, Executive Director of the Company		

Signed this day of 2018

Note:

1. Proxy need not be a Member
2. Proxy form, complete in all respects, should reach the Company's Registered Office at B1-603, Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai – 400 013., not less than 48 hours before the scheduled time of the meeting.

Affix
Revenue
Stamp

Signature

** Applicable only in case of investors holding shares in Electronic form.

*Please tick anyone.



NOTES





Mr. Virendra D. Sanghavi, Managing Director and Mr. Jaydev Sanghavi, Executive Director of the Company receiving the CFBP Jamnalal Bajaj Award for Fair Business Practices in 2014 from the hands of Dr. Abdul Kalam, Former President of India.

Mr. Reyaz Khan, General Manager, Aarvi Encon Ltd, received winner trophy on 05.03.19 at Le Meridien, New Delhi; in the category HR Consultancy from Shri Chaudhary Birender Singh, Honble Union Minister of Steel, Govt. of India & Mrs. Juhi Rajput MD, Arrucus Media Pvt. Ltd.



Mr. Virendra D. Sanghavi, Managing Director of the Company with Dr. V.P. De Sa, Director Medical affairs, Clinical Compliance & Governance, Saifee Hospital and the other assistant doctors and staff of the Hospital in Mumbai. Aarvi Encon announced its 3 year partnership with Saifee Hospital, Mumbai for providing free emergency treatment for accident victims.



Engineering . Manpower . Outsourcing

if undelivered please return to:

AARVI ENCON LIMITED

Regd. Office: B1-603, Marathon Innova, Marathon
NextGen Complex, Lower Parel (W), Mumbai - 400013

CIN: L29290MH1987PLC045499

Phone: 022 - 4049 9999

Branches: Baroda / Chennai / Delhi / Pune / UAE

Website : www.aarviencon.com