



# Aarvi Encon Limited

CIN : L29290MH1987PLC045499

(ISO 9001 : 2015 & ISO 45001 : 2018)

Regd. Office : B1- 603, 6th Floor, Marathon Innova, Marathon Nextgen Complex,  
Opp. Peninsula Park, Lower Parel, Mumbai - 400 013, India.



AEL/NSE/2022-23/11

Date: July 6, 2022

To,  
**National Stock Exchange of India Limited**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai – 400051.

Kind Attention: Head – Listing  
Symbol: AARVI

**Sub: Notice of the 34<sup>th</sup> Annual General Meeting of the Members of the Company and the Annual Report for the FY 2021 – 22**

Dear Sir/Madam,

This is to inform that 34<sup>th</sup> Annual General Meeting (AGM) of the Company will be held on Friday, July 29, 2022 at 11.00 A.M (IST) through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM"), in accordance with the relevant circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India.

The Annual Report for the financial year 2021 – 22, comprising the Notice of the AGM and the standalone and consolidated financial statements for the financial year 2021 – 22, along with Board's Report, Auditors' Report and other documents required to be attached thereto, will be sent to all the members of the Company whose email addresses are registered with the Depository Participant(s)/ Registrar and Share Transfer Agent of the Company.

The Notice of 34<sup>th</sup> AGM and Annual Report for the FY 2021 – 2022 are also available on the website of the Company, i.e. [www.aarviencon.com](http://www.aarviencon.com).

This is for your information and dissemination purpose to all the concerned.

Thanking You,

Yours Faithfully,

For Aarvi Encon Limited

Leela Bisht

Company Secretary & Compliance Officer  
Membership No.: 59748



## NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY

Notice is hereby given that 34<sup>th</sup> Annual General Meeting (Fifth AGM post IPO of the Company) of the members of the Aarvi Encon Limited ("the Company") will be held on Friday, July 29, 2022, via video conference ("VC") / other Audio-Visual means ("OAVM") at 11:00 A.M. (IST), to transact the following business: The venue of the meeting shall be deemed to be the Registered Office of the Company situated at B1-603, Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai – 400013.

### ORDINARY BUSINESS:

1. To consider and adopt the:
  - (a) Audited Standalone Financial Statement of the Company for the Financial Year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon; and
  - (b) Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2022 and the report of Auditors thereon.
2. To declare dividend of Re. 1.5/- per equity share for the Financial Year ended March 31, 2022.
3. To appoint a Director in place of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Statutory Auditors of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139, 142 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications or re-enactments thereof, for the time being in force), M/s. Jay Shah & Associates, Chartered Accountants (Firm Registration No. 135424W), be and hereby appointed as Statutory Auditors of the Company for the a term of five years from conclusion of this Annual General Meeting up to the conclusion of 39<sup>th</sup> Annual General Meeting to be held in the year 2027, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

### SPECIAL BUSINESS:

5. **RE-APPOINTMENT OF MR. VIRENDRA D. SANGHAVI (DIN: 00759176) AS A MANAGING DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members be and hereby accorded for re-appointment of Mr. Virendra D. Sanghavi (DIN: 00759176) aged 79 years as Managing Director of the Company for the period of Five years w.e.f. July 24, 2022, on such terms, conditions and remuneration as specified in the agreement between Mr. Virendra D. Sanghavi and Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of section 197 and Schedule V to the Companies Act, 2013 in the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Virendra D. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 1,18,80,000 (Rupees One Crore Eighteen Lakhs Eighty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Consent of the members of the Company be and is hereby accorded, for payment of remuneration exceeding 5% of the net profits of the Company as per the provisions of Section 198 and other applicable provisions of the Companies Act, 2013, for the period of 3 Financial Years.

**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 re-appointment including 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 be and is hereby authorized to take all such steps and do all such acts and deeds as may be necessary to give effect to the above resolution".

**6. RE-APPOINTMENT OF MR. DEVENDRA J. SHRIMANKER (DIN: 00385083) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 149 and 152 read with schedule IV and other applicable provisions if any, of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules 2014, of the Act and other applicable provisions of the Companies Act, 2013 along with applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Devendra J. Shrimanker (DIN: 00385083) who was appointed as an Independent Director and holds office upto June 2, 2022 and who has given his consent for appointment as Independent Director submitted a declaration that he meets criteria of Independence under section 149 of the Act and SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 and is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee and Board of Directors, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (Five) consecutive years with effect from June 3, 2022 to June 2, 2027 and whose office shall not be liable to retire by rotation."

**7. TO RE-APPOINTMENT OF MS. SONAL N. DOSHI (DIN: 06672497) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 149 and 152 read with schedule IV and other applicable provisions if any, of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules 2014, of the Act and other applicable provisions of the Companies Act, 2013 along with applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Sonal N. Doshi (DIN: 06672497), who was appointed as an Independent Director and holds office upto June 2, 2022 and who has given her consent for appointment as Independent Director submitted a declaration that she meets criteria of Independence under section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee and Board of Directors, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (Five) consecutive years with effect from June 3, 2022 to June 2, 2027 and whose office shall not be liable to retire by rotation."

**8. RE-APPOINTMENT OF MR. JAYDEV V. SANGHAVI (DIN: 00759042), EXECUTIVE DIRECTOR & CFO OF THE COMPANY AND FIXATION OF REMUNERATION THEREOF.**



To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and of Managerial Personnel) Rules Remuneration, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force ) and as per Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members be and hereby accorded for re-appointment of Mr. Jaydev V. Sanghavi (DIN: 00759042) as an Executive Director & Chief Financial Officer of the Company for a period of 5 (Five) Years w.e.f. June 5, 2022 on such terms, conditions and remuneration as specified in the agreement between Mr. Jaydev V. Sanghavi and Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of section 197 and Schedule V to the Companies Act, 2013 in the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Jaydev V. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 92,40,000/- (Rupees Ninety Two Lakhs Forty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Consent of the members of the Company be and is hereby accorded, for payment of remuneration exceeding 5% of the net profits of the Company as per the provisions of Section 198 and other applicable provisions of the Companies Act, 2013, for the period of 3 Financial Years.

**RESOLVED FURTHER THAT** Mr. Jaydev V. 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 re-appointment including 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 be and is hereby authorized to take all such steps and do all such acts and deeds as may be necessary to give effect to the above resolution

#### 9. **APPROVAL OF AARVI EMPLOYEE STOCK OPTION PLAN 2022**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company, and statutory modification(s) or re-enactment of the Act, for the time being in force and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Benefits) Regulations, 2021 including any modifications thereof or supplements thereto (“the Regulations” / “SEBI SBEB Regulations”), and subject to such approvals, consents, permissions and sanctions as may necessary and subject to such conditions and modifications as may be prescribed and imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee), the approval and consent of the members of the company be and is hereby accorded respectively to the ‘Aarvi Employee Stock Option Plan 2022’ (“Aarvi ESOP 2022”/ “Plan”) and to the Board to create, offer, and grant

employee stock options from time to time [739200] Employee Stock Options, being not exceeding [5]% of the paid-up Equity Share Capital of the Company as on the date of passing the Resolution, to the eligible employees of the Company, determined in terms of Aarvi ESOP 2022, from time to time, in one or more tranches, with each such option would be exercisable for one equity share of a face value of Rs. 10/- each fully paid-up, on payment of the requisite exercise price to the Company, and on such terms and conditions as may be determined by the Board in accordance with the provisions of the Plan and provisions of applicable law as may be prevailing at that time.”

**“FURTHER RESOLVED THAT** the equity shares, if any, so issued and allotted from time to time in accordance with Aarvi ESOP 2022 as mentioned hereinbefore shall rank pari-passu with the then existing equity shares of the Company.”

**“FURTHER RESOLVED THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees without breaching the aforesaid ceiling of 5% of paid up share capital.”

**“FURTHER RESOLVED THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the plan shall automatically stand reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affection any other rights or obligations of the said allottees.”

**FURTHER RESOLVED THAT** for the purpose of creating, offering, issuing, allotting, and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in Aarvi ESOP

2022 from time to time or to suspend, withdraw or revive Aarvi ESOP 2022 from time to time, provided such variations, modifications, alterations or revisions that are not detrimental to the interests of the Employees.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to take necessary steps for listing of the equity shares allotted under the Aarvi ESOP 2022 on the Stock Exchanges, where the equity shares of the Company are listed as per the provisions of the Listing Regulations with the concerned Stock Exchanges and other applicable laws, guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including appointment of Merchant Bankers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of Aarvi ESOP 2022 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

# 10. APPROVAL FOR ISSUE AND ALLOTMENT OF EQUITY SHARES TO EMPLOYEES OF HOLDING (IF ANY, IN FUTURE) AND SUBSIDIARY COMPANY(IES) UNDER THE AARVI ESOP 2022

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 62(1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), and the Rules thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Benefits) Regulations, 2021 including any modifications thereof or supplements thereto (‘the Regulations’ / ‘SEBI SBEB Regulations’), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI SBEB Regulations, for the time being in force and subject to such approvals, consents, permissions and sanctions as may necessary and subject to such conditions and modifications as may be prescribed and imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include the Nomination and Remuneration Committee), the approval and consent of the members of the company be and is hereby accorded to extend the benefits of the ‘Aarvi Employee Stock Option Plan 2022’ (‘Aarvi ESOP 2022’/ ‘Plan’) referred to Resolution No. [9] of this Notice, to the person(s), who are the permanent Employees or Directors of holding (if any, in future) or existing and future subsidiary company(ies), if any, of the Company as may be permissible under the SEBI SBEB Regulations (hereinafter referred to as ‘Employees’), in such manner, during such period, in one or more tranches and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time, within the overall ceiling of 739200 Employee Stock Options convertible into 739200 equity shares of the face value of Rs. 10 each fully paid-up as mentioned in the aforesaid resolution.

**“FURTHER RESOLVED THAT** the equity shares, if any, so issued and allotted from time to time in accordance with Aarvi ESOP 2022 as mentioned hereinbefore shall rank pari-passu with the then

existing equity shares of the Company.”

**“FURTHER RESOLVED THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees without breaching the aforesaid ceiling of 5% of paid up share capital.”

**“FURTHER RESOLVED THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the plan shall automatically stand reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affection any other rights or obligations of the said allottees.”

**FURTHER RESOLVED THAT** for the purpose of creating, offering, issuing, allotting, and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in Aarvi ESOP 2022 from time to time or to suspend, withdraw or revive Aarvi ESOP 2022 from time to time, provided such variations, modifications, alterations or revisions that are not detrimental to the interests of the Employees.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to take necessary steps for listing of the equity shares allotted under the Aarvi ESOP 2022 on the Stock Exchanges, where

the equity shares of the Company are listed as per the provisions of the Listing Regulations with the concerned Stock Exchanges and other applicable laws, guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including appointment of Merchant Bankers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of Aarvi ESOP 2022 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

**By Order of the Board of Directors  
AARVI ENCON LIMITED**

**Sd/-  
Leela S. Bisht  
Company Secretary & Compliance Officer**

**Date: May 26, 2022**

**Place: Mumbai**

Registered Office:  
603, B1 Wing, Marathon Innova,  
Marathon Nextgen Complex,  
Lower Parel (West), Mumbai – 400 013.  
CIN: L29290MH1987PLC045499  
Tel: 022-4049 9999  
Email: [info@aarviencon.com](mailto:info@aarviencon.com)



**NOTES:**

1. In view of the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021 and May 5, 2022 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility/Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, the 34<sup>th</sup> AGM of the Company is being held through VC/OAVM on Friday, July 29, 2022 at 11.00 a.m. (IST). The deemed venue of the proceedings of the 34<sup>th</sup> AGM shall be the Registered Office of the Company at B1-603, Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai – 400013. Members may note that the Notice and Annual report for Financial year 2021-22 will also be available on the company's website i.e. [www.aarviencon.com](http://www.aarviencon.com), on the website of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and is also available on the website of NSDL (agency providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy form, attendance slip and route map of AGM are not annexed to this notice.
3. Explanatory Statement according to the provisions of Section 102 of the Companies Act, 2013 read with The Company (Management and Administration) Rules, 2014 in respect of the special businesses to be transacted at the AGM, is annexed hereto.
4. All documents referred to in the accompanying Notice and the Statements, Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act are available on the electronically for inspection by the members. Any member seeking inspection of such documents may write an email to [cs@aarviencon.com](mailto:cs@aarviencon.com).
5. Members who hold shares physically or who have not registered / updated their email address with the Company are requested to register/update the same by sending an email with a copy of self-attested PAN and folio number at [cs@aarviencon.com](mailto:cs@aarviencon.com). Members holding shares in dematerialized mode are requested to notify immediately in case of any change in their email addresses and other communication details to the depository participant to send you the quarterly reports and other communications via email.
6. Corporate Members are required to send to the Company a certified true copy of Board resolution pursuant to section 113 of the Companies Act 2013 together with the specimen signature authorizing their representative to attend the meeting through VC / OAVM and vote on their behalf at the meeting or through remote e-voting.
7. 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 at the earliest. 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.
8. 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.
9. Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standard – 2 issued by the Institute of the Company Secretaries of India (ICSI) in respect of the Directors seeking appointment/ re-appointment/approval for remuneration at the Annual General Meeting is provided in "Annexure A" to the notice and forms integral part of the notice. The Directors have furnished the requisite declarations.
10. Non-resident Indian members are requested to inform the Company on [cs@aarviencon.com](mailto:cs@aarviencon.com) 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.

11. 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.
12. 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 July 1, 2022.
13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
14. The dividend on equity shares as recommended by the Board of Directors, if declared, at the meeting shall be paid to the members whose names are registered in the Register of Members / Beneficial owners as on July 22, 2022. Members may please note for shares held in electronic form and/or physical form, complete the bank details as registered with the depository participants / Company as the same shall be used for the payment of dividend. Members are hereby requested to register / update (in case of any change) complete bank account details with the depository participants for shares in dematerialized mode by submitting requisite documents.
15. As per SEBI Circular dated 20 April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, the dividend, if declared will be paid through electronic mode, where the bank account details of the shareholders required for this purpose are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the shareholders
16. To ensure timely credit of dividend through electronic mode or physical instrument such as banker's cheque or demand draft, members are requested to notify change of address or particulars of their bank account, if any, to share transfer agent investor@bigshareonline.com and to their respective depository participants.
17. Dividend as recommended by the Board of Directors, if declared at the AGM, shall be dispatched / remitted commencing from the day after the AGM i.e. July 29, 2022. In case the Company is unable to pay the

dividend to any shareholder through electronic mode due to non-availability of bank account details, the Company shall upon normalization of the postal services, dispatch the dividend warrant / cheque to such shareholder by post.

18. Members are requested to note that dividend which has been declared but not paid and / or claimed within thirty days from declaration shall be transferred to "Unpaid Dividend Account" of the Company in seven days from expiry of said thirty days in accordance with section 124 of the Act. Further, dividend not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).
19. 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.
20. Members who wish to claim dividend, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agent of the Company viz. M/s. Bigshare Services Private Limited, at their registered address or email id: ujata@bigshareonline.com; investor@bigshareonline.com.

The details of the un-encashed /unclaimed above-mentioned Dividend are as under:

<b>Dividend for the Financial Year</b>	<b>Unclaimed / Un-encashed Dividend as on March 31, 2022 (in Rs.)</b>	<b>Due date of transfer to Investor Education and Protection Fund</b>
2017-18	10,000/-	August 31, 2025
2018-19	24,000/-	August 06, 2026
2019-20	5,699/-	September 22, 2027
2020-21	89449/-	July 29, 2028
2021-22 (Interim Dividend)	39070/-	November 12, 2028

21. 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.

**Instructions for joining the AGM through VC/ OAVM:**

22. The Company has obtained services from National Security Depository Limited (NSDL) for conducting e-AGM and providing e-voting facility including remote e-voting facility. Facility of e-voting at the AGM is a two way teleconferencing or WebEx for ease of participation.
23. Members who seeks technical assistance with using of technology before or during the meeting may contact NSDL e-voting helpdesk. Kindly quote your folio no. / DP ID-client ID and e-voting event number in all your communications.
24. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
25. The facility of joining the AGM through VC / OAVM shall be kept open for at least 15 minutes before the time schedule of the meeting and shall not be closed till expiry of 15 minutes after such schedule time by following the procedure mentioned in the Notice.
26. Members who would like to express their views/ ask questions during the Meeting may register themselves as a speaker by sending their request in advance atleast 3 (three) days prior to Meeting i.e. on or before Tuesday, 26th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at cs@aarviencon.com. The Members who do not wish to speak during the AGM but have queries may send their queries in advance atleast 5 (five) days prior to Meeting i.e. on or before Sunday, 24th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at cs@aarviencon.com. These queries will be replied to by the Company suitably by email. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the Meeting. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.
27. Facility of joining the AGM through Video Conference (VC/ OAVM) shall be available for all members of the Company as on the cutoff date for e-voting including,

the large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, if any, directors, key managerial personnel, the chairpersons of Audit committee, Nomination and Remuneration committee and stakeholders relationship committee, auditors, etc. Members under category of Institutional investors, if any, are encouraged to attend and vote at the AGM.

**Instructions for Remote e-voting and e-voting at the AGM:**

28. In accordance with the provisions of Section 108 and other applicable provisions of the Companies Act 2013, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI Listing Regulations, the Company is offering e-voting facility to all the members of the Company and business may be transacted through such remote e-voting. Members can cast their votes online from 10:00 A.M (IST) on July 26, 2021 to 05:00 P.M (IST) on July 28, 2022.
29. After the said time, the remote e-voting facility shall be disabled by NSDL and the Members will not be able to cast their vote electronically beyond the date and time mentioned above.
30. A person, whose name is recorded in Register of Members or in Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut – off date which is July 22, 2022 shall be entitled to avail the facility of remote e-voting/ e-voting at the AGM. Once the Members have cast their vote through remote e-voting, he/she shall not be allowed to change it subsequently or cast vote again.
31. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in (email id of NSDL). Any person who is not a member as on the cut-off date shall treat this notice for information purpose only.
32. In case of joint shareholders, the members whose name appears as the first holder as per the Register of members of the company shall be entitled to vote at the AGM.
33. Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.

34. Facility of voting through electronic voting system would also be available at the AGM and members who are present in the meeting through VC / OAVM and have not cast their vote on resolutions through remote e-voting and are otherwise not barred from doing so, shall be allowed to vote through e-voting system in the meeting.
35. In accordance with the MCA and SEBI circulars, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
36. The Board of Directors has appointed Bhatt & Associates Company Secretaries LLP, Practising Company Secretaries, to act as the Scrutinizer for conducting the remote e-voting and electronic voting process at the AGM in a fair and transparent manner.
37. Procedure and instructions of remote e-voting are detailed below:

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on July 26, 2022 at 10:00 A.M. and ends on July 28, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. July 22, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 22, 2022.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="702 665 1233 980" data-label="Image"> </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>



**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial

password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [aashish@aashishbhatt.in](mailto:aashish@aashishbhatt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User

Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to [Ms. Veena Suvama at evoting@nsdl.co.in](mailto:Ms. Veena Suvama at evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@aarviencon.com](mailto:cs@aarviencon.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@aarviencon.com](mailto:cs@aarviencon.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above

for remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH**

**VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio

number, email id, mobile number at cs@aarviencon.com. The same will be replied by the company suitably.

6. Registration of Speaker related point needs to be added by company.
38. In case of any queries or issues regarding e-voting, you may contact to NSDL e-voting helpdesk for any grievances connected to e-voting before or during the AGM.
39. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 22, 2022 may obtain their User ID and Password from NSDL helpdesk provided above and vote electronically by following the aforementioned procedure. Any person who is not a member as on the cutoff date shall treat this notice for information purpose only.
40. The Scrutinizer will after the conclusion of the e-voting at the AGM, scrutinize the votes cast at the

AGM and votes cast through remote e-voting and prepare a consolidated report. The resolutions shall be deemed to be passed on the date of meeting i.e. July 29, 2022, subject to the receipt of the requisite number of votes.

41. The Scrutinizer shall submit his consolidated report to the Chairman or any person authorized by him. The results shall be announced within 48 hours from the conclusion for the AGM. The results of AGM along with the consolidated scrutinizer's report shall be submitted to the stock exchange where its shares are listed at [www.nseindia.com](http://www.nseindia.com) and uploaded on the website of the Company at <https://www.aarviencon.com/announcements>.

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

**Sd/-**

**Leela Bisht  
Company Secretary and Compliance Officer**



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

### **ORDINARY BUSINESS**

#### **ITEM NO. 4**

#### **APPOINTMENT OF STATUTORY AUDITOR OF THE COMPANY.**

The Members of the Company at the 29<sup>th</sup> Annual General Meeting ('AGM') held on July 15, 2017 approved the appointment of M/s. Arvind H Shah & Co., Chartered Accountants (Firm Registration Number: 100577W), as the Statutory Auditors of the Company for a period of five years from the conclusion of the said AGM. M/s. Arvind H Shah & Co., will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014. The present remuneration of M/s. Arvind H Shah & Co., Chartered Accountants for conducting Statutory audit is INR 14,90,000/- plus goods and service tax as applicable and reimbursement of out of pocket expenses incurred.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee') at its meeting held on May 26, 2022, recommended for the approval of Members, the appointment of M/s. Jay Shah & Associates, Chartered Accountants (Firm Registration Number: 135424W), as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of this AGM till the conclusion of the 39<sup>th</sup> AGM to be held in the year 2027, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

Pursuant to the Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. Jay Shah & Associates to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. Jay Shah & Associates is a proprietorship firm established in the year 2013. The founder, CA Jay Arvind Shah, is a fellow chartered accountant and a law graduate. Prior to establishing his chartered accountancy practice, he had been working in various leading firms.

M/s. Jay Shah & Associates have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in

accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is concerned or interested, financially or otherwise in the resolution set out at Item No. 4 of the Notice.

The Board of Directors, hence, recommends the resolution at Item No. 4 of the Notice for the approval of the members by way of Ordinary Resolution.

### **SPECIAL BUSINESSES**

#### **ITEM NO. 5**

#### **RE-APPOINTMENT OF MR. VIRENDRA D. SANGHAVI (DIN: 00759176) AS A MANAGING DIRECTOR OF THE COMPANY:**

On July 24, 2017, Mr. Virendra D. Sanghavi was re-appointed as a Managing Director of the Company for a period of 5 (Five) years w.e.f. July 24, 2017. The Board of Directors at its meeting held on May 26, 2022 subject to approval of members re-appointed Mr. Virendra D. Sanghavi as a Managing Director of the Company for a period of 5 (Five) years from expiry of his present term i.e. w.e.f. July 24, 2022 on terms and conditions including remuneration as recommended by Nomination and Remuneration Committee of the Board.

It is proposed to seek members' approval for the re-appointment of and remuneration payable to Mr. Virendra D. Sanghavi as a Managing Director of the Company in terms of the applicable provisions of the Companies Act, 2013.

The remuneration payable to and terms of re-appointment of Mr. Virendra D. Sanghavi as a Managing Director of the Company during the tenure of his re-appointment is as follows:

#### **Remuneration**

##### **a. Minimum Remuneration:**

In the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Virendra D. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 1,18,80,000 (Rupees One Crore Eighteen Lakhs Eighty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**b. Overall Remuneration:**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.

**c. Perquisite's**

1. Medical Reimbursement: Will be available as to other Senior Executives of the Company
2. Leave Travel Concession: Will be available as to other Senior Executives of the Company
3. Leave: Privilege Leave as per rules of the Company.
4. Superannuation or Annuity Fund
5. Other perquisites: Subject to the overall ceiling on remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the nomination and remuneration committee thereof may from time to time decide.

In accordance with the provision of Regulation 17(6)(e) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the fees or compensation payable to Executive Directors who are promoters or members of the promoter Group, shall be subject to the approval of the shareholders by special resolution if:

- a) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

Mr. Virendra D. Sanghavi, Executive Director belongs to the Promoter and Promoter Group. Aforesaid limits as per Companies Act, 2013 is in excess of prescribed threshold limits of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This necessitates seeking approval of the shareholders by way of special resolution.

Mr. Virendra D. Sanghavi fulfils the conditions for eligibility contained in Part I of Schedule V of the Companies Act, 2013 (the "Act") and is not disqualified from being appointed as a Managing Director in terms of

Section 164 of the Act.

The terms and conditions for re-appointment including payment of remuneration may be altered and varied from time to time by the Board / Nomination and Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

Mr. Virendra D. Sanghavi is a founder of Aarvi Encon Limited in the 1987, and since then he is associated with Company and has an experience in various fields in different types of industries. Therefore, being more than 70 years of age and considering his experience and capabilities his reappointment need to be approved by Shareholders by passing Special Resolution.

Brief terms and conditions of his appointment including the remuneration payable to him as a Managing Director are set out in the resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

A copy of draft letter of appointment proposed to be issued to Mr. Virendra D. Sanghavi recording the terms of his re-appointment for a period of 5 (Five) years w.e.f. July 24, 2022 as referred in the said resolution is available for inspection by the members at the Registered Office of the Company, during normal office hours on all working days except public holidays between 10.00 a.m. to 12.00 noon up to the date of the meeting i.e. July 29, 2022.

Statement required pursuant to the provisions of Schedule V of the Companies Act, 2013:

**I. General Information:****1. Nature of industry**

The Company is engaged in the business of staffing in engineering sector.

**2. Date or expected date of commencement of commercial production**

Not Applicable.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable.

#### 4. Financial performance based on given indicators

(Rupees in Crore)

Particulars	March 31, 2022 (Rs.)	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
Total revenue	289.72	204.08	218.64
Profit Before Tax	12.15	10.30	6.95
Profit After Tax	12.06	10.46	7.17
Paid up Equity Capital ( Number of Shares)	1,47,84,000	1,47,84,000	1,47,84,000
Reserves & Surplus	79.90	70.29	61.54

#### 5. Foreign investments or collaborations, if any.

There are no foreign investments or collaborations.

#### II. Information about the appointee:

##### 1. Background details

Mr. Virendra D. Sanghavi, aged 79 years, is the Promoter & Director of the Company. He is a Chemical Engineering Graduate from Mumbai University.

##### 2. Past remuneration

Mentioned in table providing disclosures as per Secretarial Standards - 2 by ICSI in Annexure A .

##### 3. Recognition or awards

Company has received Jamnalal Bajaj Award for Fair Business Practices in 2014 –Presented under the leadership of Mr. Virendra D. Sanghavi by Shri Dr. APJ Abdul Kalam, Former President of India, Mr. Sanghavi has received gold medal award from All India Achievers & Research Academy for outstanding Achievements & Excellence in chosen field of activity at Bangalore in the year 2019 he has also recognized in the list of India's Top 100 Great People Managers by the Great Managers Institute in association with the Forbes India in the year 2019.

##### 4. Job profile and his suitability

Mr. Virendra D. Sanghavi (DIN: 00759176), a Chemical Engineering Graduate from UDCT, Promoter & Founding Director of AARVI ENCON is serving the Company as a Managing Director. He has more than 50 years of Experience and excellent track record in design, development, construction and operation of process plants in India and

Internationally.

#### 5. Remuneration proposed

The detail of proposed remuneration is as per special resolution.

#### 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Virendra D. Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

#### 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any.

There exists no pecuniary relationship of Mr. Virendra D. Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him and Mr. Jaydev V. Sanghavi is his son and appointed as Executive Director and CFO of the Company.

#### III. Other information:

##### 1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, still its fall under the category of inadequate profit on account of which remuneration is paid as per Schedule V of the Companies Act, 2013.

##### 2. Steps taken or proposed to be taken for improvement

Under the dynamic leadership of Mr. Virendra D. Sanghavi, the Company is continuously looking at the new business opportunities to grow and expanding the existing facilities.

##### 3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

The terms and conditions of re-appointment and payment of remuneration of Mr. Virendra D. Sanghavi may be treated as an abstract under

Section 190 of the Companies Act, along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Mr. Jaydev V. Sanghavi, Mr. Virendra D. Sanghavi are interested in the resolution as set out at Item No. 5 of the Notice and their relatives may be deemed to be interested in the resolution as set out at Item No. 5 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 5.

The Board of Directors, hence, recommends the resolution at Item No. 5 of the Notice for the approval of the members by way of Special Resolution

## ITEM NO. 6

### **RE-APPOINTMENT OF MR. DEVENDRA J. SHRIMANKER (DIN: 00385083) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

Mr. Devendra J. Shrimanker (DIN: 00385083) is an existing Director on the Board of the Company who was appointed as an Independent Director of the Company for a term of 5 years with effect from June 3, 2017 till June 2, 2022. He is the Chairperson of Audit Committee and Nomination and Remuneration Committee and the member of Stakeholders Relationship Committee. The Board of Directors of the Company, and Nomination and Remuneration Committee on basis of the report of performance evaluation has recommended re-appointment of Mr. Devendra J. Shrimanker for a second term of 5 consecutive years, on the board of the company.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Accordingly, Based on the performance evaluation and given the background, experience and contributions made by him during his tenure, re-appointing his for second term would be beneficial to the Company, accordingly the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on

May 26, 2022 have recommended re-appointment of Mr. Devendra J. Shrimanker as an Independent Director for a second term of 5 consecutive years commencing from June 3, 2022 to June 2, 2027.

He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received declaration from him confirming that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In opinion of the Board, he fulfills the conditions for reappointment as Independent Director and is independent of the management.

The Company has also received notice from Member under Section 160 of the Act proposing his re-appointment as Director.

This notice may be treated as information to the members about her candidature to the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of further opinion that he is independent director and possesses appropriate skills, experience and knowledge that will enable him to discharge his duties, roles and function as an Independent Director.

The notice and terms and conditions of re-appointment of Mr. Devendra J. Shrimanker along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Accordingly, it is proposed to approve the reappointment of Mr. Devendra J. Shrimanker as a Non-Executive Independent Director for a period of five years commencing from June 3, 2022 and ending on June 2, 2027, not liable to retire by rotation. As per the provisions of the Companies Act, 2013, the reappointment of an independent director of the Company requires approval of the members by special resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the



Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

Approval of Members is accordingly sought for re-appointment of Mr. Devendra J. Shrimanker as Independent Director as set out in Item No. 6 of the notice.

Mr. Devendra J. Shrimanker is interested in the resolution as set out at Item No. 6 of the Notice. The relatives of Mr. Devendra J. Shrimanker may be deemed to be interested in the resolution as set out at Item No. 6 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 6.

The Board accordingly recommends the Special Resolution as set out in Item No. 6 of the Notice for the approval of members.

#### **ITEM NO. 7**

#### **TO RE-APPOINTMENT OF MS. SONAL N. DOSHI (DIN: 06672497) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

Ms. Sonal N. Doshi (DIN: 06672497) is an existing Director on the Board of the Company who was appointed as an Independent Director of the Company for a term of 5 years with effect from June 3, 2017 till June 2, 2022. She is the Chairperson of Stakeholders Relationship Committee and the member of Audit Committee and Nomination and Remuneration Committee. The Board of Directors of the Company, and Nomination and Remuneration Committee on basis of the report of performance evaluation has recommended re-appointment of Ms. Sonal N. Doshi for a second term of 5 consecutive years, on the board of the company.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Accordingly, based on performance evaluation and given the background, experience and contributions made by her during her tenure, re-appointing her for second term would be beneficial to the Company, accordingly the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on May 26, 2022 have recommended re-appointment of Ms. Sonal

N. Doshi (DIN: 06672497 as an Independent Director for a second term of 5 consecutive years commencing from June 3, 2022 to June 2, 2027.

She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. The Company has received declaration from her confirming that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In opinion of the Board, she fulfills the conditions for reappointment as Independent Director.

The Company has also received notice from Member under Section 160 of the Act proposing her re-appointment as Director.

This notice may be treated as information to the members about her candidature to the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of further opinion that she is independent director and possesses appropriate skills, experience and knowledge that will enable her to discharge her duties, roles and function as an Independent Director.

The notice and terms and conditions of re-appointment of Ms. Sonal N. Doshi along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Accordingly, it is proposed to approve the reappointment of Ms. Sonal N. Doshi as a Non-Executive Independent Director for a period of five years commencing from June 3, 2022 and ending on June 2, 2027, not liable to retire by rotation. As per the provisions of the Companies Act, 2013, the reappointment of an independent director of the Company requires approval of the members by special resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

Approval of Members is accordingly sought for re-appointment of Ms. Sonal N. Doshi as Independent Director as set out in Item No. 7 of the notice.

Ms. Sonal N. Doshi is interested in the resolution as set out at Item No. 7 of the Notice. The relatives of Ms. Sonal N. Doshi may be deemed to be interested in the resolution as set out at Item No. 7 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 7.

The Board accordingly recommends the Special Resolution as set out in Item No. 7 of the Notice for the approval of members.

## ITEM NO. 8

### 8. RE-APPOINTMENT OF MR. JAYDEV V. SANGHAVI (DIN: 00759042), EXECUTIVE DIRECTOR & CFO OF THE COMPANY AND FIXATION OF REMUNERATION THEREOF.

Mr. Jaydev V. Sanghavi, is a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. In 1992. Since then he has handled various assignments as a Project Coordinator, Business Development Manager, General Manager (Operations) and now Executive Director. He has played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully.

Mr. Jaydev has more than 25 years of experience in Sales, Marketing, Operations and Finance. And he was re-appointed as a Whole-time Director of the Company for a period of 5 (Five) years w.e.f. June 5, 2017. Accordingly, his present terms of office will expire on June 4, 2022 and thus it is proposed to re-appoint him for a further period of 5 (Five) years as a Whole-time Director of the Company w.e.f. June 5, 2022.

The remuneration payable to and terms of re-appointment of Mr. Jaydev V. Sanghavi as a Managing Director of the Company during the tenure of his re-appointment is as follows:

#### Remuneration

##### a. Minimum Remuneration:

In the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Jaydev V. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years,

which includes salary of Rs. 92,40,000/- (Rupees Ninety Two Lakhs Forty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

##### b. Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.

##### c. Perquisite's

1. Medical Reimbursement: Will be available as to other Senior Executives of the Company
2. Leave Travel Concession: Will be available as to other Senior Executives of the Company
3. Leave: Privilege Leave as per rules of the Company.
4. Superannuation or Annuity Fund.
5. Other perquisites: Subject to the overall ceiling on remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the nomination and remuneration committee thereof may from time to time decide.

In accordance with the provision of Regulation 17(6)(e) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the fees or compensation payable to Executive Directors who are promoters or members of the promoter Group, shall be subject to the approval of the shareholders by special resolution if:

- a) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

Mr. Jaydev V. Sanghavi, Executive Director belongs to the Promoter and Promoter Group. Aforesaid limits as per Companies Act, 2013 is in excess of prescribed threshold limits of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This necessitates

seeking approval of the shareholders by way of special resolution.

Mr. Jaydev V. Sanghavi fulfils the conditions for eligibility contained in Part I of Schedule V of the Companies Act, 2013 (the "Act") and is not disqualified from being appointed as a Executive Director in terms of Section 164 of the Act.

The terms and conditions for re-appointment including payment of remuneration may be altered and varied from time to time by the Board / Nomination and Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

A copy of draft letter of appointment proposed to be issued to Mr. Jaydev V. Sanghavi recording the terms of his re-appointment for a period of Five years w.e.f. June 5, 2022 as referred to in the said resolution is available for inspection by the members at the Registered Office of the Company, during normal office hours on all working days except public holidays between 10.00 a.m. to 12.00 noon up to the date of the meeting i.e. July 29, 2022.

A Brief profile and Information Pertaining to Director w.r.t. fixation of remuneration of directors including Executive Director as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

On the recommendation of Nomination and Remuneration Committee, Audit Committee and the Board of Directors of the Company at their meeting held on May 26, 2022, re-appointed Mr. Jaydev Sanghavi as an Executive Director & CFO of the Company for a further period of 5 (Five) years w.e.f. June 5, 2022 and the remuneration for next three financial years i.e. financial year 2022-23 to 2024-25 subject to the approval of members at an ensuing General Meeting.

#### **Statement required pursuant to the provisions of Schedule V of the Companies Act, 2013:**

##### **I. General Information:**

- Nature of industry**  
The Company is engaged in the business of staffing in engineering sector.
- Date or expected date of commencement of commercial production**  
Not Applicable.
- In case of new companies, expected date of commencement of activities as per project approved**

by financial institutions appearing in the prospectus  
Not Applicable.

- Financial performance based on given indicators  
(Rupees in Crore)

Particulars	March 31, 2022 (Rs.)	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
Total revenue	289.72	204.08	218.64
Profit Before Tax	12.15	10.30	6.95
Profit After Tax	12.06	10.46	7.17
Paid up Equity Capital (Number of Shares)	1,47,84,000	1,47,84,000	1,47,84,000
Reserves & Surplus	79.90	70.29	61.54

- Foreign investments or collaborations, if any: Not Applicable

##### **II. Information about the appointee:**

- Background details

Mr. Jaydev V. Sanghavi, is the Promoter & Director of the Company. He is a Chemical Engineering Graduate from Mumbai University.

- Past remuneration

During FY 2021-2 Mr. Sanghavi has received remuneration & Commission of Rs. 1,68,00,000/- (Rupees One crore Sixty Eight Lakhs Only) in the capacity of Director which includes 0.5% of Turnover as a Commission.

- Recognition or awards

Under the leadership of Mr. Sanghavi Aarvi Encon was recognized among the top 10 industrial operation & maintenance service providers 2021 by Industry Outlook.

- Job profile and his suitability

Mr. Jaydev Sanghavi, a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. 30 years ago. Since then he is handling various assignments as a Business Development Manager, Operations Manager and now Executive Director. He is played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully. His role in the Company as Director of the Company is most suitable considering his present role in the Company's day to day management.

2. Remuneration proposed

Mentioned in the table providing disclosures as per Secretarial standards -2 by ICSI

3. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Jaydev Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

4. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

There exists no pecuniary relationship of Mr. Jaydev Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him.

5. Remuneration proposed

The detail of proposed remuneration is as per special resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Jaydev V. Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

There exists no pecuniary relationship of Mr. Jaydev V. Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him.

**III. Other information:**

1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, still its fall under the category of inadequate

profit on account of which remuneration is paid as per Schedule V of the Companies Act, 2013.

2. Steps taken or proposed to be taken for improvement

The Company is continuously looking at the new business opportunities to grow.

3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

Mr. Virendra D. Sanghavi and Jaydev V. Sanghavi is interested in the said resolution.

None of the remaining Directors, Key Managerial Personnel and their relatives is concerned or interested in the resolution, except to the extent of their shareholdings in the company.

**III. Other information:**

1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, in the event of any unforeseen circumstances and conditions beyond its control, the profitability of the Company may be affected.

2. Steps taken or proposed to be taken for improvement

The Company is continuously looking at the new business opportunities to grow.

3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

The terms and conditions of re-appointment and payment of remuneration of Mr. Jaydev V. Sanghavi may be treated as an abstract under Section 190 of the Companies Act, along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Mr. Jaydev V. Sanghavi and Mr. Virendra D. Sanghavi are interested in the resolution as set out



at Item No. 8 of the Notice and their relatives may be deemed to be interested in the resolution as set out at Item No. 8 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 8.

The Board of Directors, hence, recommends the resolution at Item No. 8 of the Notice for the approval of the members by way of Special Resolution

## **ITEM NO. 9 & 10:**

### **APPROVAL OF AARVI EMPLOYEE STOCK OPTION PLAN 2022**

The Company appreciate the critical role its employees play in the organizational growth. The primary objective of this Plan is to reward the key Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company and its Subsidiary(ies), as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company views employees as its most important resource and asset and the Employee Stock Options as long-term incentive tools that would enable the Employees not only to become co-owners, but also to create wealth for themselves out of such ownership in future. To promote the culture of employee ownership the company is intending to issue employee stock options under 'Aarvi Employee Stock Option Plan 2022' ("Aarvi ESOP 2022" / "Plan") to the Employees and Directors of the Company, its subsidiaries and holding company, as determined from time to time.

Aarvi ESOP 2022 is drawn in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended (SEBI Regulations) issued by SEBI and other applicable laws. The Scheme has been in-principle recommended by the Nominations and Remuneration Committee at its meeting held on May 26, 2022 and approved by the Board of Directors at their meeting held on May 26, 2022.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed

terms and conditions of the Scheme including:

1. Number of options to be granted to individual Employee, and in aggregate;
2. Terms on which the options will vest;
3. The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
4. The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
5. The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
6. Mechanism for direct allotment of shares;
7. The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
8. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
9. The grant, vesting and exercise of options in case of Employees who are on long leave; and
10. Any other related or incidental matters.

According to Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 no scheme shall be offered to employees of a company unless the shareholders of the company approve it by passing a special resolution in the general meeting, accordingly, Item Number 9 & 10 to this Notice is proposed as Special Resolution.

**Disclosure/main features of Aarvi ESOP 2022 pursuant to the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and the Companies Act, 2013 are as under**

#### **(a) Brief description of the Scheme**

The Aarvi ESOP 2022 provides for grant of stock options to the permanent Employees and/or Directors of the Company and/or its holding (if any in future) and subsidiary company(ies), if any, as may be permissible under the SEBI SBEB Regulations (hereinafter referred to as 'Employees'). Each stock option will be, upon exercise, converted into one fully paid-up equity share of the Company of face value of Rs. 10/-.

**(b) Total number of options to be granted:**

The total number of Options to be granted shall not exceed 7,39,200 Options.

Options exercisable into such number of equity shares being not more than 5% of the paid up share capital of the Company at any point of time would be available for being granted to the eligible employees of the Company under Aarvi ESOP 2022. Each option when exercised would be converted into one equity share of face value of Rs. 10/- each fully paid-up or into cash equivalent.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a Fair and reasonable adjustment will be made to the options granted. Accordingly, if any additional equity shares are required to be issued by the company to the option grantees for making such fair and reasonable adjustment, the ceiling of options/ equity shares as aforesaid shall be deemed to increase to the extent of such additional equity shares issued.

**(c) Identification of classes of employees entitled to participate in the ESOP 2022:**

All permanent employees and whole-time or executive directors (hereinafter referred to as "employees") of the company and employees of its subsidiary companies and holding company, shall be eligible subject to determination or selection by the Board.

However, following classes of employees/ Directors shall not be eligible who are:

- a. Independent directors;
- b. Promoters or persons belonging to promoter group; and
- c. Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, number of years' service, performance, role assigned to the employee and such other parameters as may be decided by the Nomination and Remuneration Committee in its sole discretion from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged,

hypothecated, mortgaged or otherwise alienated in any other manner.

**(d) Appraisal Process for determining the eligibility of the employees to Employee Stock Options Scheme:**

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, CTC, expected potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee in its sole discretion.

**(e) Requirements of vesting and period of vesting:**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The vesting period of options granted shall vest in not earlier than 1 (one) year and not more than 5 (five) years from the date of grant of such options. The exact proportion in which and the exact period over which the options would vest would be determined by the Nomination and Remuneration Committee, subject to the minimum vesting period of one year from the date of grant of options.

**(f) The maximum period within which the options shall be vested:**

The options granted shall have a vesting period of maximum 5 years and shall vest only on achievement of milestones, in case of performance based vesting, as would be determined by the Nomination and Remuneration Committee.

**(g) The exercise price or pricing formula;**

The exercise price per option shall be determined by the Nomination and Remuneration Committee at the time of grant. In determining the Exercise Price, the Committee shall take into consideration relevant factors prevalent at the time of the Grant which, among other things, would include the trend in the market price of the Company's Equity Shares

quoted on Stock Exchange. The exercise price may also be face value of shares.

**(h) The exercise Period and the process of exercise.**

The exercise period may commence from the date of vesting and will expire not later than 5 years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will lapse if not exercised within the specified exercise period or as may be specified by the Nomination and Remuneration Committee. The options may also lapse under certain circumstances like termination of employee under misconduct, resignation, etc., even before the expiry of the specified exercise period.

**(i) Lock-in Period(if any):**

Unless otherwise decided to the contrary by the Nomination and Remuneration Committee of the Company, there shall not be any lock-in-period for the shares allotted pursuant to exercise of the vested options.

**(j) Maximum number of options to be issued per employee and in aggregate:**

The maximum number of Stock Options to be granted to any employee shall be decided by the Board or the Nomination and Remuneration Committee of the Company or by senior executives of the subsidiary/ies of the Company as may be identified by such Board or Committee. However, the number of Stock Options that may be granted to a single employee under the Aarvi ESOP 2022 shall not exceed 100000 Stock Option per eligible Employee. However, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling.

**(k) Maximum quantum of benefits to be provided per employee**

Apart from grant of Stock Options as stated above, no monetary benefits are contemplated under the Scheme. The maximum quantum of benefits underlying the stock options issued to an employee shall be equal to the difference between the option exercise price and the market price of the shares on the exercise date

**(l) Implementation and Administration**

The Aarvi ESOP 2022 is proposed to be implemented

and administered directly by the Company and not through any Trust.

**(m) Whether the Scheme involves new issue of Equity Shares by the Company or secondary acquisition or Both**

The Aarvi ESOP 2022 will involve only new issue of Equity Shares i.e. the primary route.

**(n) Disclosure and accounting policies**

The Company shall follow IND AS 102 on Share based Payments and accounting policies as prescribed by the SEBI SBEB Regulations and those prescribed by the concerned authorities from time to time, including such other applicable disclosure. In particular, the Company shall conform to the accounting policies specified in Regulation 15 of the SEBI SBEB Regulations

**(o) Method of option valuation:**

To calculate the employee compensation cost, the company shall use the Intrinsic value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the directors' report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the directors' report.

**(p) The conditions under which option vested in employees may lapse:**

The vested options shall lapse in case of termination of employment due to misconduct or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

**(q) The specified time period within the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee;**

In the case of termination of employment due to death of the employee, all vested options can be exercised by the optionees legal heirs within 1 (One) year from the date of such event.

In the case of termination of employment due to permanent incapacity of the employee, all vested options can be exercised by the option grantee or nominee of the option grantee, as applicable, within 1 (One) year from the date of such event.

**(r) Terms & conditions for buyback, if any, of specified securities covered under these regulations**

The Scheme does not envisage any buyback and hence not applicable

**(s) Other terms:**

The Board, based on the recommendations of the Nomination and Remuneration Committee, shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variations, modifications or alterations is detrimental to the interest of the Employees.

The Board recommends the resolution at Item No. 9 & 10 of the Notice for the approval of the members

by way of Special Resolution.

The directors, key managerial personnel or their relatives may be deemed to be concerned or interested in this resolutions to the extent of options that be granted to them and to the extent of their shareholding as members.

**By Order of the Board of Directors  
AARVI ENCON LIMITED**

**Sd/-**

**Leela S. Bisht**

**Company Secretary & Compliance Officer**

**Date: 26<sup>th</sup> May, 2022**

**Place: Mumbai**

Registered Office:

603, B1 Wing, Marathon Innova,

Marathon Nextgen Complex,

Lower Parel (West), Mumbai – 400 013.

CIN: L29290MH1987PLC045499

Tel: 022-4049 9999

Email: [info@aarvienon.com](mailto:info@aarvienon.com); [cs@aarviencon.com](mailto:cs@aarviencon.com)

Website: [www.aarviencon.com](http://www.aarviencon.com)



## ANNEXURE A

### Details of Director seeking appointment / re-appointment/ fixation of remuneration at the 34<sup>th</sup> Annual General Meeting [Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & SS-2]

Name of the Director/ Statutory Auditor	Mr. Virendra D. Sanghavi	Mr. Jaydev V. Sanghavi	M/s Jay Shah & Associates, Chartered Accountants	Mr. Devendra J. Shrimanker	Mrs. Sonal Doshi
DIN / Registration No.	00759176	00759042	135424W	00385083	06672497
Age	79 years	51 years	37 Years	56 years	56 years
Date of Birth	29/09/1942	17/05/1971	05/10/1984	09/10/1965	13/08/1965
Nationality	Indian	Indian	Indian	Indian	Indian
Qualifications	Chemical Engineering Graduate from UDCT (Now Institute of Chemical Technology)	Chemical Engineering Graduate from Mumbai University.	Chartered Accountant	Chartered Accountant	Solicitor
Experience including expertise in specific functional areas / Brief Resume	<p>He is a has More than 48 years experience and excellent track record in design, development, construction and operation of process plants in India and Internationally. Previously working with various Engineering, Lubricant, Petrochemical, and Pharmaceutical companies such as Merck Sharp &amp; Dohme India Ltd. Mr. Sanghavi recently was recognized in the list of India's Top 100 Great People Managers by the Great Manager Institute in association with the Forbes India.</p>	<p>He is a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. In 1992. Since then he has handled various assignments as a Project Coordinator, Business Development Manager, General Manager (Operations) and now Executive Director. He has played a crucial role in developing strategic Business Tie-ups and delivering several large &amp; complex projects successfully. In 1996 he identified a niche Business Opportunity in the project consulting of HR and thus came about a Manpower Supply division which he heads today. He is biggest contributor in establishing &amp; expanding Manpower Division. He has been instrumental in growth of Aarvi Encon. Under his leadership the company has become largest Technical Staffing company in India with offices at major location in India. He is instrumental in setting up offices in Qatar, UAE, Saudi Arabia. He has more than 25 years of experience in Sales, Marketing, Operations and Finance.</p>	<p>Jay Shah &amp; Associates is a proprietorship firm established in the year 2013. The founder, CA Jay Shah, is a fellow chartered accountant and a law graduate. Prior to establishing his chartered accountancy practice, he had been working in various leading firms such as Pricewaterhouse Coopers Pvt. Ltd., BMR &amp; Associates and KPMG for over 6 years. He brings with him a rich experience of audit, tax advisory and tax litigation.</p>	<p>Mr. Devendra J. Shrimanker a Bachelor of Commerce Graduate from Mumbai University and a Fellow member of The Institute of Chartered Accountant of India. Has more than 30+ years of Experience in the field of Taxation, Accounting, Auditing and Advisory Services. Mr. Shrimanker joined the Board of Aarvi on June 2, 2017, He is a partner of M / s. A. J. Shah &amp; Company, Chartered Accountant, in Mumbai. He is actively involved in advising various Large Multinationa 1 Corporation Operating in India, large Public-Sector Enterprises (PSU), Listed Companies and Family managed business groups, High Networth Individuals (HNI). Mr. Shrimanker is Speaker at various Seminars conducted for Taxation, Accounts, &amp; Finance Lectures for Corporate Groups and Training. Professional experiences of Mr. Shrimanker includes Direct Taxes, Tax Planning Advisory, Comprehensive Review of Corporate Groups with reference to taxation laws and companies Act., Comprehensive Tax Compliance Services, International Taxation Matters including transfer pricing assignments, Development and documentation of standard operating procedures, Audits under various laws and accounts and Mergers, acquisitions &amp; Valuations.</p>	<p>Mrs. Sonal Doshi is a Solicitor Practicing mainly in civil and corporate laws since 1991. Mrs. Doshi joined Aarvi' s Board of Directors on June 2, 2017 and has been an important contributor to the Board through her knowledge. She has also been working towards women empowerment. She has penned a book namely, "Women and Law" which was also translated into Marathi and Gujarati. Mrs. Doshi is a part of the external committee of Larsen &amp; Toubro Limited, L &amp; T Infotech, Thyssenkrup India Pvt. Ltd and Macleods Pharmaceuticals Ltd to deal with complaints filed under the Sexual Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Mrs. Doshi has been a speaker at many events on the subject of Rights of Women and Testamentary Laws.</p>

Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	As per the Board Resolution dated July 17, 2017 and Members Resolution dated July 24, 2017.	As per the Board Resolution dated July 17, 2017 and Members Resolution dated July 24, 2017.	As per the Board Resolution dated May 26, 2022 subject to approval of Shareholders.	Terms of appointment are as per the provisions of the Companies Act, 2013. Sitting Fees for attending Board and Committee Meetings are paid as per provisions of the Companies Act, 2013.	Terms of appointment are as per the provisions of the Companies Act, 2013. Sitting Fees for attending Board and Committee Meetings are paid as per provisions of the Companies Act, 2013.
Remuneration last drawn	1.68 Cr. P.A. (Rupees One Crore Sixty Eight Lakhs Only)	1.68 Cr. P.A. (Rupees One Crore Sixty Eight Lakhs Only)	-	-	-
date of first appointment on the Board	December 03, 1987	November 09, 2005	May 26, 2022	June 3, 2017	June 3, 2017
Shareholding in the company	75,95,000 shares (51.37 %)	21,82,500 (14.76%)	NIL	NIL	NIL
relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is the father of Mr. Jaydev V. Sanghavi, Executive Director of the Company. Except Mr. Jaydev V. Sanghavi, he is not related to any other director and/or KMP of the company.	He is the son of Mr. Virendra D. Sanghavi, Managing Director of the Company. Except Mr. Virendra D. Sanghavi, he is not related to any other director and/or KMP of the company.	NIL	NIL	NIL
Number of Meetings of the Board attended during the year.	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	NIL	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	There were total 5 (five) board meetings held during the year. She has attended all the board during the FY 2021-22.
Justification for re-appointment as Independent Directors	-	-	-	Independent of the management and possesses appropriate skills, experience and knowledge.	Independent of the management and possesses appropriate skills, experience and knowledge.
Other Directorships, Membership/ Chairmanship of Committees of other Boards * *Directorships include directorships of other Indian Public Companies and Committee memberships include only Audit Committee and Stakeholders' Relationship Committee (whether listed or not)	He is a Director in the following Companies: 1. Aarvi Engineering & Consultants Pvt. Ltd.	He is a Director in the following Companies: 1. Process Plant And Machinery Association of India. 2. Aarvi Engineering & Consultants Pvt. Ltd. 3. Beetle Ventures Private Limited. 4. Energyjobz Services Private Limited.	-	He is a Director in the following Companies: 1. Citadel Reality and Developers Ltd - Non Executive Independent Director and Membership in Audit Committee and 2. Pentokey Organy (India) Ltd - Non Executive Independent Director and Holding chairmanship in Audit and Stakeholder's Relationship Committee.	-

**For and on behalf of  
AARVI ENCON LIMITED**

**Sd/-  
Leela S. Bisht  
Company Secretary & Compliance Officer**



Engineering • Manpower • Outsourcing

# Talent on Demand



## Annual Report 2021-22



# Awards/Accolades



Aarvi Encon Limited has received the Award by Economic Times under the Category of "LEADER OF CHANGE" 2021 on Thursday, December 16, 2021.





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# Board of Directors and Committees

## BOARD OF DIRECTORS

**Mr. Virendra D. Sanghavi**  
Managing Director

**Mr. Jaydev V. Sanghavi**  
Executive Director and CFO

**Mr. Devendra J. Shrimanker**  
Independent Director

**Mr. Sharad S. Sanghi**  
Independent Director

**Mrs. Sonal N. Doshi**  
Independent Director

**Dr. (Mrs.) Padma V. Devarajan**  
Independent Director

**M/s. Arvind H. Shah & Co.,**  
Statutory Auditor (Term from the conclusion 29th AGM upto the conclusion 34th AGM)

**M/s. Jay Shah & Associates,**  
Statutory Auditor (Term from the conclusion of 34th AGM upto the conclusion of 39th AGM)

**M/s. Bhatt & Associates Company Secretaries LLP**  
Secretarial Auditor

**Bigshare Services Private Limited**  
Registrar and Transfer Agent (RTA)

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Leela Bisht\*

\*Appointed w.e.f. June 3, 2021

## BANKERS:-

Yes Bank

Bank of Baroda

HDFC Bank

HSBC Bank

SBI

## BOARD COMMITTEES

### AUDIT COMMITTEE

Mr. Devendra J. Shrimanker - Chairperson

Mrs. Sonal N. Doshi – Member

Dr. (Mrs.) Padma V. Devarajan – Member

Mr. Jaydev V. Sanghavi – Member

### NOMINATION AND REMUNERATION COMMITTEE

Mr. Devendra J. Shrimanker - Chairperson

Dr. (Mrs.) Padma V. Devarajan - Member

Mrs. Sonal N. Doshi – Member

Mr. Sharad S. Sanghi - Member\*

\*Appointed w.e.f. April 26, 2022

### 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. Sonal N. Doshi - Member

Mrs. Padma Devarajan - Member

Mr. Sharad S. Sanghi - Member

## FINANCE AND MANAGEMENT COMMITTEE

Mr. Virendra D. Sanghavi – Chairperson

Mr. Jaydev V. Sanghavi – Member

## Registered Office:-

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

## Board of Directors

### Managing Director



*Virendra D. Sanghavi*

### Executive Director



*Jaydev V. Sanghavi*

---

### Independent Director



*Devendra J. Shrimanker*



*Sharad S. Sanghi*



*Padma V. Devarajan*



*Sonal N. Doshi*

## *Managing Director's Message* FY - 2021-2022



**Virendra D. Sanghavi**  
Managing Director

### **Dear Stakeholders,**

It gives me immense pleasure to present you the 34th Annual Report on the key developments and financial performance of your Company for the FY 2021-22. I hope your family members and you are keeping well in the midst of unprecedented COVID-19. Your Company has overcome the challenges faced due to the impact of this pandemic. At the same time, Company is working to leave no stone unturned by ensuring business continuity, to meet customer needs, and maintaining robust financial health for our sustainable long-term growth. I am happy to share that your company has performed and is continuously working on all these counts. I believe there is always a space to improve for the betterment of the Company and the Stakeholders of the Company. We are working on it.

You will be glad to know that your Company's performance during this year has been good. Company's Standalone turnover for the Year 2021-22 has increased from Rs. 189.65 Cr to Rs. 274.51 Cr. Similarly, the Net Profit of the Company for the year 2021-22 has increased from Rs. 8.65 Cr to Rs. 12.30 Cr. and lastly EBITDA has increased from Rs. 10.04 Cr. to Rs. 14.14 Cr. which is 40.83% increase from the Previous Year.

On Consolidated Basis Company has performed well in terms of Turnover Company has shown a growth from Rs. 201.78 Cr. to Rs. 288.54 Cr. for the current year i.e. FY 2021-22, Net Profit from Rs. 10.46 Cr. to Rs. 12.06 Cr for the current year and EBITDA from Rs. 11.84 Cr. to Rs. 13.90 Cr. for the current year.

The Board declared and distributed an Interim Dividend at 5% i.e. Re. 0.50/- per equity share of Rs. 10/- each during the FY 2021-22. Further, the Company has proposed a final dividend of 15% i.e. Re. 1.50/- per equity share of Rs. 10/- each, subject to the approval of the members of the Company at the ensuing 34<sup>th</sup> Annual General Meeting.

Company being a Corporate Citizen, is not only looking to grow in terms of profit but also looking forward to associating itself with the betterment of society. Therefore, the Company has contributed an amount of Rs. 9.33 Lakhs towards the Corporate Social Responsibility for Education Support, Providing Food to Poor People, and support Health Care. Aarvi



stood as 2<sup>nd</sup> Runner-up at the event organized by the CSR Journal Excellence, 2021 under the category of Health and Sanitation.

The Company after successfully incorporating offices in UAE, is now glad to announce that the Company has set up another Step-Down Subsidiary naming PT Aarvi Encon Services, Indonesia which is the Joint Venture Company of Aarvi Encon FZE, UAE.

Further, a new joint venture has been incorporated namely Aarvi Encon Staffing Services W.L.L, Qatar.

Looking at the upcoming opportunities, the Company is looking forward to spreading its geographical existence throughout the world and grabbing the opportunities availing in the world market.

Overcoming challenges with the support of my brilliant team, we have been successful in bringing Aarvi Encon Limited to a new level of global recognition. The journey is never ending, but with the support of my team and clients, I am confident that the company will continue to grow and achieve many more milestones of excellence in the coming years.

Before concluding, I wish to convey my sincere thanks to the Management and the entire Board for their continued strong and unequivocal support. I would also like to thank and acknowledge the continued cooperation, trust, and support of the clients, shareholders, employees, bankers, and advisors. I expect the coming years to be more rewarding as well.

Your Sincerely,

Sd/-

Virendra D. Sanghavi  
Managing Director

## Executive Director's Message FY - 2021-2022



**Jaydev V. Sanghavi**  
Executive Director

### Dear Stakeholders,

At the outset, I would like to thank every one of you, who has stood with us in times thick and thin, and especially through testing times such as the pandemic. With your support, we continue to grow, deliver, and create value for everyone. My sincere wish is that each of you is safe and well in these times. I have great pleasure in welcoming you to the 34<sup>th</sup> AGM of Aarvi Encon Ltd. I am grateful to all our valued stakeholders for their faith and continuous support of the Company.

The year 2021-22 proved to be a busy year for AARVI as we witnessed overall growth across industries and key geographies and continued to execute strongly on the top line. Our supportive and hardworking team has helped us to achieve the strongest growth in the Company's history. We grew our revenues, profit, margins, cash generation, and returns on capital during 2021-22 with operating revenue of Rs. 288.54 Crores on a Consolidated basis and Rs. 274.51 Crores on a Standalone basis.

Year-on-year basis, our consolidated turnover has increased by 42.99% from Rs. 201.78 Crore in FY'21 to Rs. 288.54 Crore in FY'22. Our EBITDA stood at Rs. 13.90 Crore in FY'22 as compared to Rs. 11.84 Crore in FY'21, registering a growth of 17.39% over the previous year. Our PAT Increased from Rs. 10.46 Crores in FY'21 to Rs. 12.06 Crore in FY'22, witnessing the growth of 15.29% YoY.

On the consolidated basis, there had been a reduction in Profit Margin for the year, mainly due to the cost incurred for setting up the international offices. We would see the benefits in the coming years.

### Major Highlights for the year are as follows:

- Company has signed more than 33 new clients
- Company has signed long-term contracts with clients for Operations and Maintenance (O & M).
- Deputation Headcount has increased from 4,394 for FY 2021 to 5,541 for FY 2022 which is increased by 26.10%.
- Successfully completed setting up offices in Indonesia, Qatar, and Oman.
- Started with Placement Division for Senior Management.
- Percentage of O & M Business to projects is 37.88% as of March 31, 2022.
- Kolkata office is stabilizing.

### Future Strategies/ Upcoming Plan of the Company:

- Planning to set up offices in Hyderabad and Bangalore to cater Local Market.
- We are manning international offices and expected to on board Business Development Manager by Quarter 2 of the current financial year.
- Focusing on O & M of Tank Terminal.

Your company is one of the largest in secondment of Technical Manpower in India and has served multiple industries like oil & gas, power, LNG, PNG, refinery, petrochemical, pipeline, wind power, solar power, offshore, E&P, infrastructure, ports & terminals, telecom, fertilizers, cement, automobile, metro & monorail, railway, metals, and minerals.

Internationally, the Company has incorporated a step-down subsidiary "Aarvi Encon LLC" in Oman and "PT Aarvi Encon Services" in Indonesia through its wholly-owned material subsidiary, Aarvi Encon FZE in the United Arab Emirates. Similarly, the Company has incorporated an Associate / Joint Venture Company in Qatar, known as "Aarvi Encon Staffing Services W.L.L."

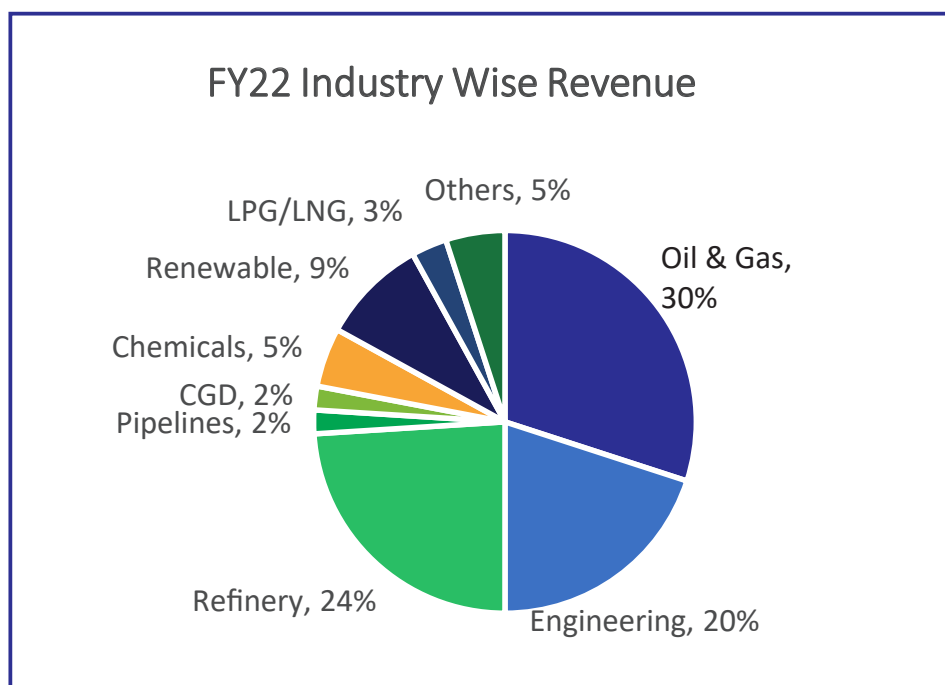
During the year, AARVI was recognized as one of the "Top 10 Industrial Operation & Maintenance Service Providers for the year 2021" by Industry Outlook. It was also awarded by the Economic Times under the category of "Leader of Change 2021".

Thank you once again for your support, guidance, and for being part of the Aarvi Family. Stay safe.

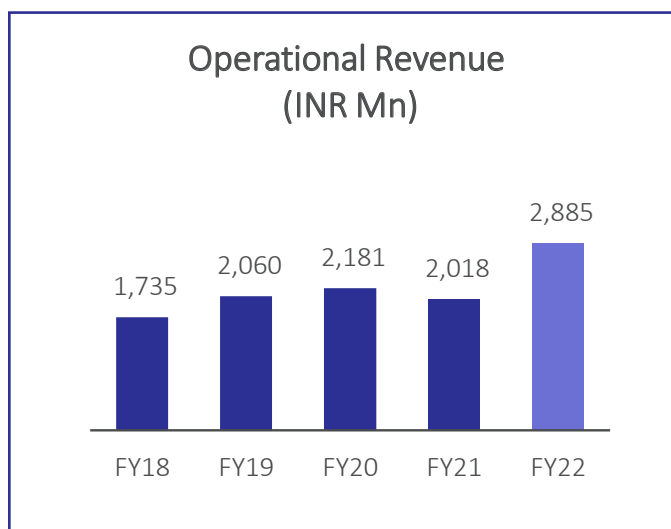
With warm regards,

Sd/-  
**Jaydev Sanghavi**  
Executive Director & Chief Financial Officer

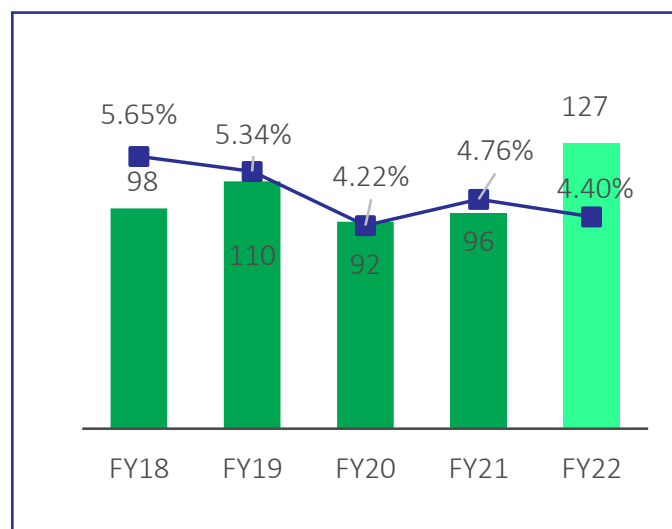
## REVENUE CLASSIFICATION ON THE BASIS OF INDUSTRY TYPE



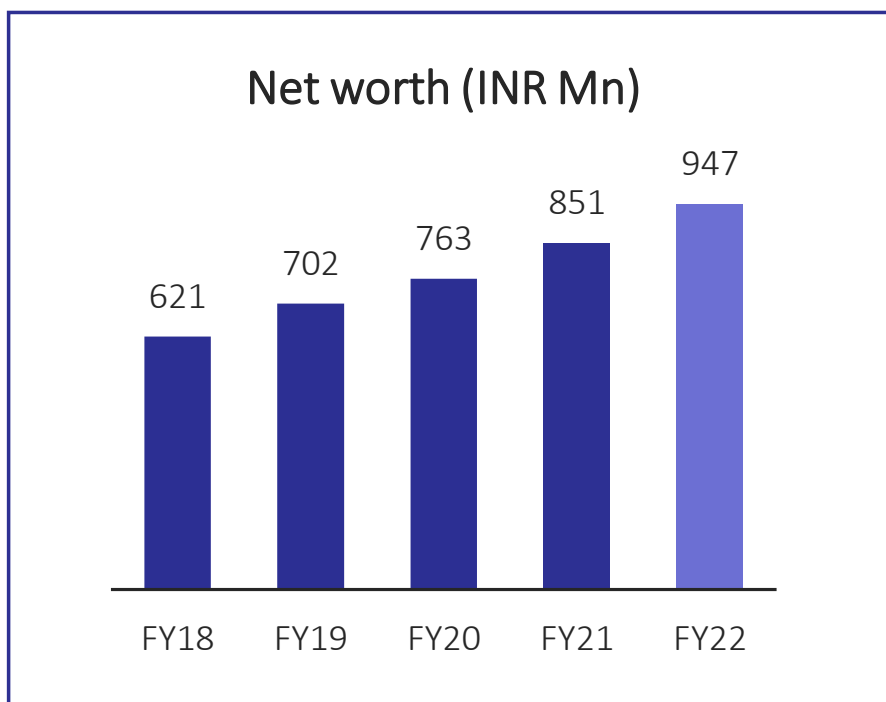
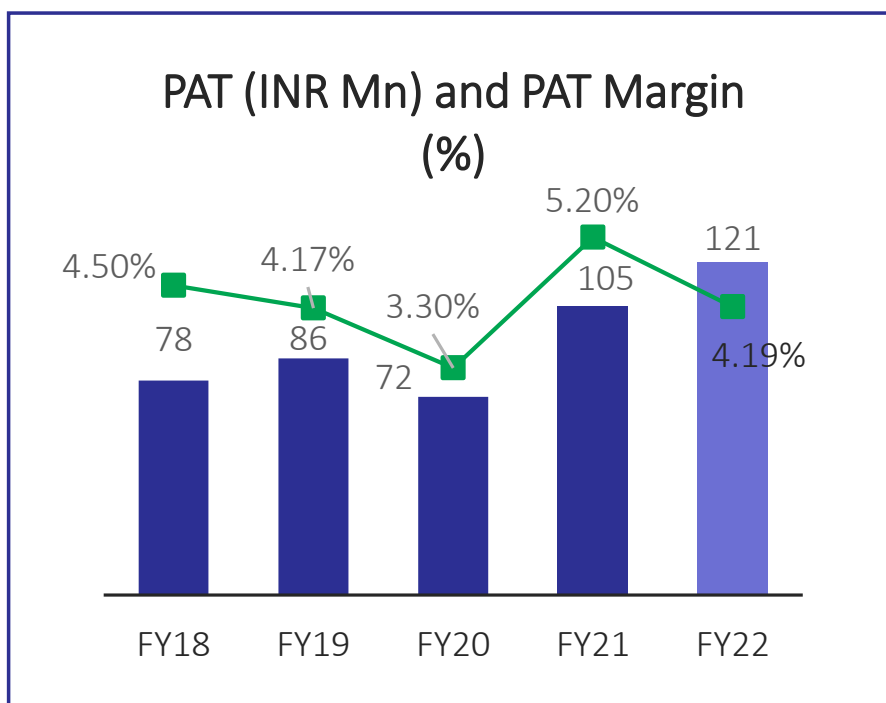
## SUSTAINABLE PERFORMANCE &amp; GROWTH



## EBITDA (INR Mn) and (EBITDA Margin %)



## SUSTAINABLE PERFORMANCE & GROWTH:-



Creating Value for Clients  
since 1987



Years of  
Delivering Engineering &  
Manpower Outsourcing Services.



# Our Strength and Area of Expertise

“Our Strength Creates  
More Success”

We believe that the following strengths have contributed to success and will be of competitive advantages for us, supporting our strategy and contribution to improvements in financial performance:

## Established Track Record

Established track record of 34 years indicates the company's ability to survive business cycles.

## Well Defined Organization Structure:

Well defined organization structure supported by qualified and experienced second tier management that has decision making powers.

## Experienced Management and Motivated Team

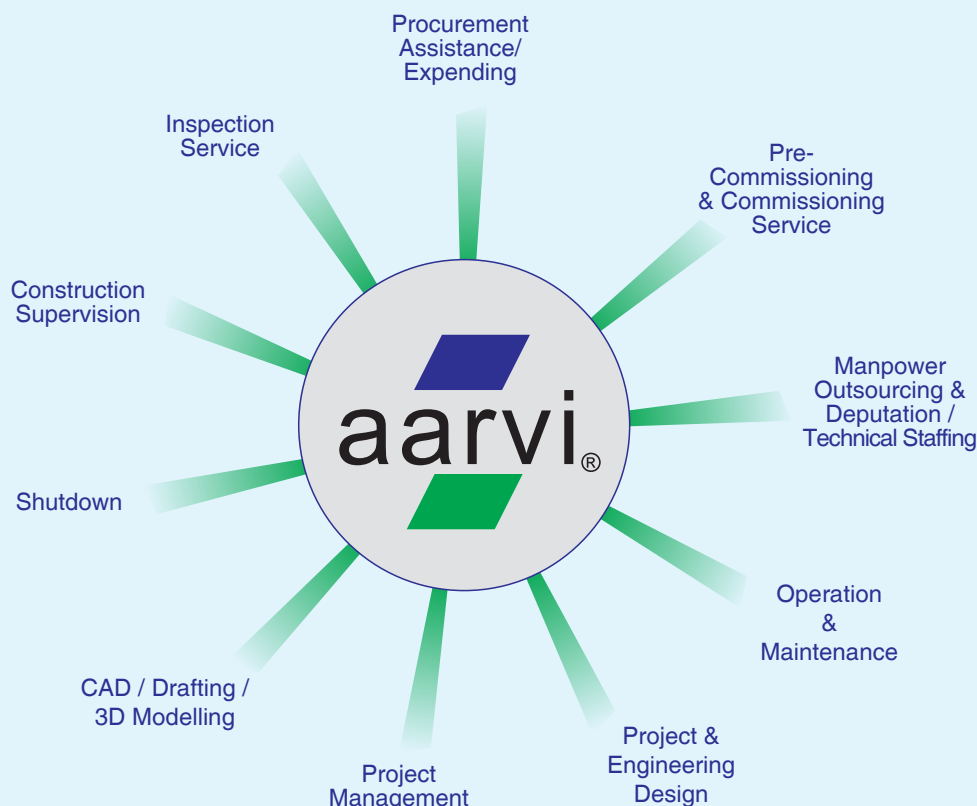
We believe that, leadership is the result of team work allowing issues and ideas to be developed, widening our

competitive advantage. We have grown steadily under the vision, leadership and guidance of our promoters, Mr. Virendra D. Sanghavi and Mr. Jaydev V. Sanghavi. Our promoters have played a key role in developing our business. Also, they have been assisted by a team of experienced personnel. The team comprises of personnel having technical, operational and business development experience. We believe that our management team's experience and their understanding of the industry will enable us to continue to take advantage of both current and future market opportunities.

## Diversified Service Profile:

Diversified service profile, the company provides an array of services to corporate in Oil & Gas, Power, Refinery / Petrochemical, Pipeline, Infrastructure sectors in India and Abroad.

## Area of Expertise



**1987**

Incorporated  
and Started  
Engineering  
Consultancy  
Services

**1996**

Started Technical Manpower  
Deputation

**1997**

Deputed More than 300  
Engineers to Reliance  
Petroleum

**1998**

DHDS & SRU Commissioning  
Contract from HPCL Refinery

**2007**

Employee Strength crossed  
1000 mark

**2011**

Operation & Maintenance  
Services started with HMPL

**2013**

Rated "SME-1" by CRISIL/  
Crossed 2000 personnel in  
deputation

**2015**

Marked Turnover over  
Rs 100 Cr/ Opened  
Subsidiary in UAE

**2017**

Deployed more than 3000  
Engineers. Listed on NSE  
Emerge Platform

**2018**

Marked Turnover over 200 Cr.  
/Partnered with Bon Accord  
Employment Services at UAE.

**2020**

Listed on Main  
Board of NSE Ltd.

**2021**

Creating new opportunity  
internationally by opening  
branch offices in Oman &  
Indonesia

**2022**

Incorporated Joint  
Venture/ Associate  
Company in Qatar.



# 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**



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



**AARVI has been felicitated for  
exemplary contribution being a  
SME as a Leading Technical  
Staffing Company.**



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



**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**



**CSR Journal Excellence  
Awards, 2021**

## NOTICE OF 34<sup>TH</sup> ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY

Notice is hereby given that 34<sup>th</sup> Annual General Meeting (Fifth AGM post IPO of the Company) of the members of the Aarvi Encon Limited ("the Company") will be held on Friday, July 29, 2022, via video conference ("VC") / other Audio-Visual means ("OAVM") at 11:00 A.M. (IST), to transact the following business: The venue of the meeting shall be deemed to be the Registered Office of the Company situated at B1-603, Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai – 400013.

### ORDINARY BUSINESS:

1. To consider and adopt the:
  - (a) Audited Standalone Financial Statement of the Company for the Financial Year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon; and
  - (b) Audited Consolidated Financial Statement of the Company for the Financial Year ended March 31, 2022 and the report of Auditors thereon.
2. To declare dividend of Re. 1.5/- per equity share for the Financial Year ended March 31, 2022.
3. To appoint a Director in place of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Statutory Auditors of the Company.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139, 142 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modifications or re-enactments thereof, for the time being in force), M/s. Jay Shah & Associates, Chartered Accountants (Firm Registration No. 135424W), be and hereby appointed as Statutory Auditors of the Company for the a term of five years from conclusion of this Annual General Meeting up to the conclusion of 39<sup>th</sup> Annual General Meeting to be held in the year 2027, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors."

### SPECIAL BUSINESS:

5. **RE-APPOINTMENT OF MR. VIRENDRA D. SANGHAVI (DIN: 00759176) AS A MANAGING DIRECTOR OF THE COMPANY.**

To consider and if thought fit, to pass following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members be and hereby accorded for re-appointment of Mr. Virendra D. Sanghavi (DIN: 00759176) aged 79 years as Managing Director of the Company for the period of Five years w.e.f. July 24, 2022, on such terms, conditions and remuneration as specified in the agreement between Mr. Virendra D. Sanghavi and Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of section 197 and Schedule V to the Companies Act, 2013 in the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Virendra D. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 1,18,80,000 (Rupees One Crore Eighteen Lakhs Eighty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Consent of the members of the Company be and is hereby accorded, for payment of remuneration exceeding 5% of the net profits of the Company as per the provisions of Section 198 and other applicable provisions of the Companies Act, 2013, for the period of 3 Financial Years.



**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 re-appointment including 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 be and is hereby authorized to take all such steps and do all such acts and deeds as may be necessary to give effect to the above resolution".

**6. RE-APPOINTMENT OF MR. DEVENDRA J. SHRIMANKER (DIN: 00385083) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 149 and 152 read with schedule IV and other applicable provisions if any, of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules 2014, of the Act and other applicable provisions of the Companies Act, 2013 along with applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Devendra J. Shrimanker (DIN: 00385083) who was appointed as an Independent Director and holds office upto June 2, 2022 and who has given his consent for appointment as Independent Director submitted a declaration that he meets criteria of Independence under section 149 of the Act and SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 and is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee and Board of Directors, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (Five) consecutive years with effect from June 3, 2022 to June 2, 2027 and whose office shall not be liable to retire by rotation."

**7. TO RE-APPOINTMENT OF MS. SONAL N. DOSHI (DIN: 06672497) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to section 149 and 152 read with schedule IV and other applicable provisions if any, of the Companies Act, 2013 (the Act) read with the Companies (Appointment and Qualification of Directors) Rules 2014, of the Act and other applicable provisions of the Companies Act, 2013 along with applicable regulations of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Sonal N. Doshi (DIN: 06672497), who was appointed as an Independent Director and holds office upto June 2, 2022 and who has given her consent for appointment as Independent Director submitted a declaration that she meets criteria of Independence under section 149 of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and in accordance with the recommendation of the Nomination and Remuneration Committee and Board of Directors, be and is hereby re-appointed as an Independent Director of the Company to hold office for a second term of 5 (Five) consecutive years with effect from June 3, 2022 to June 2, 2027 and whose office shall not be liable to retire by rotation."

**8. RE-APPOINTMENT OF MR. JAYDEV V. SANGHAVI (DIN: 00759042), EXECUTIVE DIRECTOR & CFO OF THE COMPANY AND FIXATION OF REMUNERATION THEREOF.**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and of Managerial Personnel) Rules Remuneration, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force ) and as per Regulation 17(6) (e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members be and hereby accorded for re-appointment of Mr. Jaydev V. Sanghavi (DIN: 00759042) as an Executive Director & Chief Financial Officer of the Company for a period of 5 (Five) Years w.e.f. June 5, 2022 on such terms, conditions and remuneration as specified in the agreement between Mr. Jaydev V. Sanghavi and Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of section 197 and Schedule V to the Companies Act, 2013 in the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Jaydev V. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 92,40,000/- (Rupees Ninety Two Lakhs Forty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**RESOLVED FURTHER THAT** pursuant to Regulation 17(6)(e) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, Consent of the members of the Company be and is hereby accorded, for payment of remuneration exceeding 5% of the net profits of the Company as per the provisions of Section 198 and other applicable provisions of the Companies Act, 2013, for the period of 3 Financial Years.

**RESOLVED FURTHER THAT** Mr. Jaydev V. 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 re-appointment including 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 be and is hereby authorized to take all such steps and do all such acts and deeds as may be necessary to give effect to the above resolution

#### 9. **APPROVAL OF AARVI EMPLOYEE STOCK OPTION PLAN 2022**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, the Memorandum and Articles of Association of the Company, and statutory modification(s) or re-enactment of the Act, for the time being in force and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Benefits) Regulations, 2021 including any modifications thereof or supplements thereto (“the Regulations” / “SEBI SBEB Regulations”), and subject to such approvals, consents, permissions and sanctions as may necessary and subject to such conditions and modifications as may be prescribed and imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include the Nomination and Remuneration Committee), the approval and consent of the members of the company be and is hereby accorded respectively to the ‘Aarvi Employee Stock Option Plan 2022’ (“Aarvi ESOP 2022”/ “Plan”) and to the Board to create, offer, and grant

employee stock options from time to time [739200] Employee Stock Options, being not exceeding [5]% of the paid-up Equity Share Capital of the Company as on the date of passing the Resolution, to the eligible employees of the Company, determined in terms of Aarvi ESOP 2022, from time to time, in one or more tranches, with each such option would be exercisable for one equity share of a face value of Rs. 10/- each fully paid-up, on payment of the requisite exercise price to the Company, and on such terms and conditions as may be determined by the Board in accordance with the provisions of the Plan and provisions of applicable law as may be prevailing at that time.”

**“FURTHER RESOLVED THAT** the equity shares, if any, so issued and allotted from time to time in accordance with Aarvi ESOP 2022 as mentioned hereinbefore shall rank pari-passu with the then existing equity shares of the Company.”

**“FURTHER RESOLVED THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees without breaching the aforesaid ceiling of 5% of paid up share capital.”

**“FURTHER RESOLVED THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the plan shall automatically stand reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affection any other rights or obligations of the said allottees.”

**FURTHER RESOLVED THAT** for the purpose of creating, offering, issuing, allotting, and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in Aarvi ESOP

2022 from time to time or to suspend, withdraw or revive Aarvi ESOP 2022 from time to time, provided such variations, modifications, alterations or revisions that are not detrimental to the interests of the Employees.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to take necessary steps for listing of the equity shares allotted under the Aarvi ESOP 2022 on the Stock Exchanges, where the equity shares of the Company are listed as per the provisions of the Listing Regulations with the concerned Stock Exchanges and other applicable laws, guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including appointment of Merchant Bankers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of Aarvi ESOP 2022 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

# 10. APPROVAL FOR ISSUE AND ALLOTMENT OF EQUITY SHARES TO EMPLOYEES OF HOLDING (IF ANY, IN FUTURE) AND SUBSIDIARY COMPANY(IES) UNDER THE AARVI ESOP 2022

To consider, and if thought fit, to pass the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to section 62(1) (b) and all other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’), and the Rules thereunder, the Memorandum and Articles of Association of the Company, the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Benefits) Regulations, 2021 including any modifications thereof or supplements thereto (‘the Regulations’ / ‘SEBI SBEB Regulations’), including any statutory modification(s) or re-enactment(s) of the Act, the Rules or the SEBI SBEB Regulations, for the time being in force and subject to such approvals, consents, permissions and sanctions as may necessary and subject to such conditions and modifications as may be prescribed and imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which term shall be deemed to include the Nomination and Remuneration Committee), the approval and consent of the members of the company be and is hereby accorded to extend the benefits of the ‘Aarvi Employee Stock Option Plan 2022’ (‘Aarvi ESOP 2022’/ ‘Plan’) referred to Resolution No. [9] of this Notice, to the person(s), who are the permanent Employees or Directors of holding (if any, in future) or existing and future subsidiary company(ies), if any, of the Company as may be permissible under the SEBI SBEB Regulations (hereinafter referred to as ‘Employees’), in such manner, during such period, in one or more tranches and on such terms and conditions including the price as the Board may decide in accordance with the SEBI Regulations or other provisions of the law as may be prevailing at the relevant time, within the overall ceiling of 739200 Employee Stock Options convertible into 739200 equity shares of the face value of Rs. 10 each fully paid-up as mentioned in the aforesaid resolution.

**“FURTHER RESOLVED THAT** the equity shares, if any, so issued and allotted from time to time in accordance with Aarvi ESOP 2022 as mentioned hereinbefore shall rank pari-passu with the then

existing equity shares of the Company.”

**“FURTHER RESOLVED THAT** in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, the Board be and is hereby authorised to do all acts, deeds, matters and things as it may deem fit in its absolute discretion and permitted under applicable laws for the purpose of making a fair and reasonable adjustment to the Options granted earlier including issue of any additional equity shares by the Company to the Option grantees without breaching the aforesaid ceiling of 5% of paid up share capital.”

**“FURTHER RESOLVED THAT** in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the option grantees under the plan shall automatically stand reduced, as the case may be, in the same proportion as the present face value of Rs. 10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affection any other rights or obligations of the said allottees.”

**FURTHER RESOLVED THAT** for the purpose of creating, offering, issuing, allotting, and listing of the Securities and/or for the purpose of complying with any Guidelines or Regulations that may be issued from time to time by any appropriate authority, the Board be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions in Aarvi ESOP 2022 from time to time or to suspend, withdraw or revive Aarvi ESOP 2022 from time to time, provided such variations, modifications, alterations or revisions that are not detrimental to the interests of the Employees.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to determine terms and conditions of issue of the Securities and do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the Shareholders of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby also authorised to take necessary steps for listing of the equity shares allotted under the Aarvi ESOP 2022 on the Stock Exchanges, where



the equity shares of the Company are listed as per the provisions of the Listing Regulations with the concerned Stock Exchanges and other applicable laws, guidelines, rules and regulations.

**RESOLVED FURTHER THAT** the Board be and is hereby further authorised to do all such acts, deeds and things, as it may in its absolute discretion, deem necessary including appointment of Merchant Bankers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of Aarvi ESOP 2022 as also to prefer applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in the above connection and to settle all such questions or difficulties whatsoever which may arise and take all such steps and decisions in this regard.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to delegate all or any powers conferred herein to Nomination and Remuneration Committee or such other Committees, with power to sub-delegate to any Executives/Officers of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc., as may be necessary in this regard.”

**By Order of the Board of Directors  
AARVI ENCON LIMITED**

**Sd/-  
Leela S. Bisht  
Company Secretary & Compliance Officer**

**Date: May 26, 2022**

**Place: Mumbai**

Registered Office:  
603, B1 Wing, Marathon Innova,  
Marathon Nextgen Complex,  
Lower Parel (West), Mumbai – 400 013.  
CIN: L29290MH1987PLC045499  
Tel: 022-4049 9999  
Email: [info@aarviencon.com](mailto:info@aarviencon.com)

**NOTES:**

1. In view of the ongoing Covid-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 14, 2021 and May 5, 2022 (collectively referred to as 'MCA Circulars') permitted the holding of the Annual General Meeting ('AGM') through Video Conferencing ('VC') facility/Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, the 34<sup>th</sup> AGM of the Company is being held through VC/OAVM on Friday, July 29, 2022 at 11.00 a.m. (IST). The deemed venue of the proceedings of the 34<sup>th</sup> AGM shall be the Registered Office of the Company at B1-603, Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai – 400013. Members may note that the Notice and Annual report for Financial year 2021-22 will also be available on the company's website i.e. [www.aarviencon.com](http://www.aarviencon.com), on the website of the Stock Exchange i.e. National Stock Exchange of India Limited at [www.nseindia.com](http://www.nseindia.com) and is also available on the website of NSDL (agency providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the Proxy form, attendance slip and route map of AGM are not annexed to this notice.
3. Explanatory Statement according to the provisions of Section 102 of the Companies Act, 2013 read with The Company (Management and Administration) Rules, 2014 in respect of the special businesses to be transacted at the AGM, is annexed hereto.
4. All documents referred to in the accompanying Notice and the Statements, Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act are available on the electronically for inspection by the members. Any member seeking inspection of such documents may write an email to [cs@aarviencon.com](mailto:cs@aarviencon.com).
5. Members who hold shares physically or who have not registered / updated their email address with the Company are requested to register/update the same by sending an email with a copy of self-attested PAN and folio number at [cs@aarviencon.com](mailto:cs@aarviencon.com). Members holding shares in dematerialized mode are requested to notify immediately in case of any change in their email addresses and other communication details to the depository participant to send you the quarterly reports and other communications via email.
6. Corporate Members are required to send to the Company a certified true copy of Board resolution pursuant to section 113 of the Companies Act 2013 together with the specimen signature authorizing their representative to attend the meeting through VC / OAVM and vote on their behalf at the meeting or through remote e-voting.
7. 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 at the earliest. 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.
8. 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.
9. Details under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standard – 2 issued by the Institute of the Company Secretaries of India (ICSI) in respect of the Directors seeking appointment/ re-appointment/approval for remuneration at the Annual General Meeting is provided in "Annexure A" to the notice and forms integral part of the notice. The Directors have furnished the requisite declarations.
10. Non-resident Indian members are requested to inform the Company on [cs@aarviencon.com](mailto:cs@aarviencon.com) 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.

11. 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.
12. 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 July 1, 2022.
13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
14. The dividend on equity shares as recommended by the Board of Directors, if declared, at the meeting shall be paid to the members whose names are registered in the Register of Members / Beneficial owners as on July 22, 2022. Members may please note for shares held in electronic form and/or physical form, complete the bank details as registered with the depository participants / Company as the same shall be used for the payment of dividend. Members are hereby requested to register / update (in case of any change) complete bank account details with the depository participants for shares in dematerialized mode by submitting requisite documents.
15. As per SEBI Circular dated 20 April 2018, the Company shall use any electronic mode of payment approved by the Reserve Bank of India for making payment to the members. Accordingly, the dividend, if declared will be paid through electronic mode, where the bank account details of the shareholders required for this purpose are available. Where dividend payments are made through electronic mode, intimation regarding such remittance will be sent separately to the shareholders
16. To ensure timely credit of dividend through electronic mode or physical instrument such as banker's cheque or demand draft, members are requested to notify change of address or particulars of their bank account, if any, to share transfer agent investor@bigshareonline.com and to their respective depository participants.
17. Dividend as recommended by the Board of Directors, if declared at the AGM, shall be dispatched / remitted commencing from the day after the AGM i.e. July 29, 2022. In case the Company is unable to pay the

dividend to any shareholder through electronic mode due to non-availability of bank account details, the Company shall upon normalization of the postal services, dispatch the dividend warrant / cheque to such shareholder by post.

18. Members are requested to note that dividend which has been declared but not paid and / or claimed within thirty days from declaration shall be transferred to "Unpaid Dividend Account" of the Company in seven days from expiry of said thirty days in accordance with section 124 of the Act. Further, dividend not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per Section 124 of the Act, be transferred to the Investor Education and Protection Fund (IEPF).
19. 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.
20. Members who wish to claim dividend, which remain unclaimed, are requested to correspond with the Registrar and Share Transfer Agent of the Company viz. M/s. Bigshare Services Private Limited, at their registered address or email id: ujata@bigshareonline.com; investor@bigshareonline.com.

The details of the un-encashed /unclaimed above-mentioned Dividend are as under:

<b>Dividend for the Financial Year</b>	<b>Unclaimed / Un-encashed Dividend as on March 31, 2022 (in Rs.)</b>	<b>Due date of transfer to Investor Education and Protection Fund</b>
2017-18	10,000/-	August 31, 2025
2018-19	24,000/-	August 06, 2026
2019-20	5,699/-	September 22, 2027
2020-21	89449/-	July 29, 2028
2021-22 (Interim Dividend)	39070/-	November 12, 2028

21. 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.

**Instructions for joining the AGM through VC/ OAVM:**

22. The Company has obtained services from National Security Depository Limited (NSDL) for conducting e-AGM and providing e-voting facility including remote e-voting facility. Facility of e-voting at the AGM is a two way teleconferencing or WebEx for ease of participation.
23. Members who seeks technical assistance with using of technology before or during the meeting may contact NSDL e-voting helpdesk. Kindly quote your folio no. / DP ID-client ID and e-voting event number in all your communications.
24. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
25. The facility of joining the AGM through VC / OAVM shall be kept open for at least 15 minutes before the time schedule of the meeting and shall not be closed till expiry of 15 minutes after such schedule time by following the procedure mentioned in the Notice.
26. Members who would like to express their views/ ask questions during the Meeting may register themselves as a speaker by sending their request in advance atleast 3 (three) days prior to Meeting i.e. on or before Tuesday, 26th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at cs@aarviencon.com. The Members who do not wish to speak during the AGM but have queries may send their queries in advance atleast 5 (five) days prior to Meeting i.e. on or before Sunday, 24th July, 2022 mentioning their name, demat account number/folio number, email id, mobile number at cs@aarviencon.com. These queries will be replied to by the Company suitably by email. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the Meeting. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the meeting.
27. Facility of joining the AGM through Video Conference (VC/ OAVM) shall be available for all members of the Company as on the cutoff date for e-voting including,

the large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, if any, directors, key managerial personnel, the chairpersons of Audit committee, Nomination and Remuneration committee and stakeholders relationship committee, auditors, etc. Members under category of Institutional investors, if any, are encouraged to attend and vote at the AGM.

**Instructions for Remote e-voting and e-voting at the AGM:**

28. In accordance with the provisions of Section 108 and other applicable provisions of the Companies Act 2013, if any, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI Listing Regulations, the Company is offering e-voting facility to all the members of the Company and business may be transacted through such remote e-voting. Members can cast their votes online from 10:00 A.M (IST) on July 26, 2021 to 05:00 P.M (IST) on July 28, 2022.
29. After the said time, the remote e-voting facility shall be disabled by NSDL and the Members will not be able to cast their vote electronically beyond the date and time mentioned above.
30. A person, whose name is recorded in Register of Members or in Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut – off date which is July 22, 2022 shall be entitled to avail the facility of remote e-voting/ e-voting at the AGM. Once the Members have cast their vote through remote e-voting, he/she shall not be allowed to change it subsequently or cast vote again.
31. Any person who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in (email id of NSDL). Any person who is not a member as on the cut-off date shall treat this notice for information purpose only.
32. In case of joint shareholders, the members whose name appears as the first holder as per the Register of members of the company shall be entitled to vote at the AGM.
33. Members who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC/ OAVM but shall not be entitled to cast their vote again.



34. Facility of voting through electronic voting system would also be available at the AGM and members who are present in the meeting through VC / OAVM and have not cast their vote on resolutions through remote e-voting and are otherwise not barred from doing so, shall be allowed to vote through e-voting system in the meeting.
35. In accordance with the MCA and SEBI circulars, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail address is registered with the Company or the Depository Participant(s).
36. The Board of Directors has appointed Bhatt & Associates Company Secretaries LLP, Practising Company Secretaries, to act as the Scrutinizer for conducting the remote e-voting and electronic voting process at the AGM in a fair and transparent manner.
37. Procedure and instructions of remote e-voting are detailed below:

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

**The remote e-voting period begins on July 26, 2022 at 10:00 A.M. and ends on July 28, 2022 at 5:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. July 22, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 22, 2022.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**

**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "<b>Beneficial Owner</b>" icon under "<b>Login</b>" which is available under '<b>IDeAS</b>' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "<b>Access to e-Voting</b>" under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "<b>Register Online for IDeAS Portal</b>" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> </ol>

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>4. Shareholders/Members can also download NSDL Mobile App "<b>NSDL Speede</b>" facility by scanning the QR code mentioned below for seamless voting experience.</p> <div data-bbox="702 665 1233 980" data-label="Image"> </div>
Individual Shareholders holding securities in demat mode with CDSL	<p>1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</p> <p>2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</p> <p>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</p>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 022-23058542-43

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial

password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

### How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [aashish@aashishbhatt.in](mailto:aashish@aashishbhatt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User

Reset Password?” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to **Ms. Veena Suvama** at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [cs@aarviencon.com](mailto:cs@aarviencon.com).
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [cs@aarviencon.com](mailto:cs@aarviencon.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the EGM/AGM is same as the instructions mentioned above

for remote e-voting.

2. Only those Members/ shareholders, who will be present in the EGM/AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the EGM/AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the EGM/AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the EGM/AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE EGM/AGM THROUGH**

**VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the EGM/AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “**Join meeting**” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/folio



number, email id, mobile number at cs@aarviencon.com. The same will be replied by the company suitably.

6. Registration of Speaker related point needs to be added by company.
38. In case of any queries or issues regarding e-voting, you may contact to NSDL e-voting helpdesk for any grievances connected to e-voting before or during the AGM.
39. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. July 22, 2022 may obtain their User ID and Password from NSDL helpdesk provided above and vote electronically by following the aforementioned procedure. Any person who is not a member as on the cutoff date shall treat this notice for information purpose only.
40. The Scrutinizer will after the conclusion of the e-voting at the AGM, scrutinize the votes cast at the

AGM and votes cast through remote e-voting and prepare a consolidated report. The resolutions shall be deemed to be passed on the date of meeting i.e. July 29, 2022, subject to the receipt of the requisite number of votes.

41. The Scrutinizer shall submit his consolidated report to the Chairman or any person authorized by him. The results shall be announced within 48 hours from the conclusion for the AGM. The results of AGM along with the consolidated scrutinizer's report shall be submitted to the stock exchange where its shares are listed at [www.nseindia.com](http://www.nseindia.com) and uploaded on the website of the Company at <https://www.aarviencon.com/announcements>.

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

**Sd/-**

**Leela Bisht  
Company Secretary and Compliance Officer**

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

### **ORDINARY BUSINESS**

#### **ITEM NO. 4**

#### **APPOINTMENT OF STATUTORY AUDITOR OF THE COMPANY.**

The Members of the Company at the 29<sup>th</sup> Annual General Meeting ('AGM') held on July 15, 2017 approved the appointment of M/s. Arvind H Shah & Co., Chartered Accountants (Firm Registration Number: 100577W), as the Statutory Auditors of the Company for a period of five years from the conclusion of the said AGM. M/s. Arvind H Shah & Co., will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014. The present remuneration of M/s. Arvind H Shah & Co., Chartered Accountants for conducting Statutory audit is INR 14,90,000/- plus goods and service tax as applicable and reimbursement of out of pocket expenses incurred.

The Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee') at its meeting held on May 26, 2022, recommended for the approval of Members, the appointment of M/s. Jay Shah & Associates, Chartered Accountants (Firm Registration Number: 135424W), as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of this AGM till the conclusion of the 39<sup>th</sup> AGM to be held in the year 2027, on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

Pursuant to the Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found M/s. Jay Shah & Associates to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

M/s. Jay Shah & Associates is a proprietorship firm established in the year 2013. The founder, CA Jay Arvind Shah, is a fellow chartered accountant and a law graduate. Prior to establishing his chartered accountancy practice, he had been working in various leading firms.

M/s. Jay Shah & Associates have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in

accordance with the conditions prescribed under Sections 139 and 141 of the Act.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is concerned or interested, financially or otherwise in the resolution set out at Item No. 4 of the Notice.

The Board of Directors, hence, recommends the resolution at Item No. 4 of the Notice for the approval of the members by way of Ordinary Resolution.

### **SPECIAL BUSINESSES**

#### **ITEM NO. 5**

#### **RE-APPOINTMENT OF MR. VIRENDRA D. SANGHAVI (DIN: 00759176) AS A MANAGING DIRECTOR OF THE COMPANY:**

On July 24, 2017, Mr. Virendra D. Sanghavi was re-appointed as a Managing Director of the Company for a period of 5 (Five) years w.e.f. July 24, 2017. The Board of Directors at its meeting held on May 26, 2022 subject to approval of members re-appointed Mr. Virendra D. Sanghavi as a Managing Director of the Company for a period of 5 (Five) years from expiry of his present term i.e. w.e.f. July 24, 2022 on terms and conditions including remuneration as recommended by Nomination and Remuneration Committee of the Board.

It is proposed to seek members' approval for the re-appointment of and remuneration payable to Mr. Virendra D. Sanghavi as a Managing Director of the Company in terms of the applicable provisions of the Companies Act, 2013.

The remuneration payable to and terms of re-appointment of Mr. Virendra D. Sanghavi as a Managing Director of the Company during the tenure of his re-appointment is as follows:

#### **Remuneration**

##### **a. Minimum Remuneration:**

In the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Virendra D. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years, which includes salary of Rs. 1,18,80,000 (Rupees One Crore Eighteen Lakhs Eighty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

**b. Overall Remuneration:**

The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.

**c. Perquisite's**

1. Medical Reimbursement: Will be available as to other Senior Executives of the Company
2. Leave Travel Concession: Will be available as to other Senior Executives of the Company
3. Leave: Privilege Leave as per rules of the Company.
4. Superannuation or Annuity Fund
5. Other perquisites: Subject to the overall ceiling on remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the nomination and remuneration committee thereof may from time to time decide.

In accordance with the provision of Regulation 17(6)(e) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the fees or compensation payable to Executive Directors who are promoters or members of the promoter Group, shall be subject to the approval of the shareholders by special resolution if:

- a) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

Mr. Virendra D. Sanghavi, Executive Director belongs to the Promoter and Promoter Group. Aforesaid limits as per Companies Act, 2013 is in excess of prescribed threshold limits of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This necessitates seeking approval of the shareholders by way of special resolution.

Mr. Virendra D. Sanghavi fulfils the conditions for eligibility contained in Part I of Schedule V of the Companies Act, 2013 (the "Act") and is not disqualified from being appointed as a Managing Director in terms of

Section 164 of the Act.

The terms and conditions for re-appointment including payment of remuneration may be altered and varied from time to time by the Board / Nomination and Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

Mr. Virendra D. Sanghavi is a founder of Aarvi Encon Limited in the 1987, and since then he is associated with Company and has an experience in various fields in different types of industries. Therefore, being more than 70 years of age and considering his experience and capabilities his reappointment need to be approved by Shareholders by passing Special Resolution.

Brief terms and conditions of his appointment including the remuneration payable to him as a Managing Director are set out in the resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

A copy of draft letter of appointment proposed to be issued to Mr. Virendra D. Sanghavi recording the terms of his re-appointment for a period of 5 (Five) years w.e.f. July 24, 2022 as referred in the said resolution is available for inspection by the members at the Registered Office of the Company, during normal office hours on all working days except public holidays between 10.00 a.m. to 12.00 noon up to the date of the meeting i.e. July 29, 2022.

Statement required pursuant to the provisions of Schedule V of the Companies Act, 2013:

**I. General Information:****1. Nature of industry**

The Company is engaged in the business of staffing in engineering sector.

**2. Date or expected date of commencement of commercial production**

Not Applicable.

**3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable.

#### 4. Financial performance based on given indicators

(Rupees in Crore)

Particulars	March 31, 2022 (Rs.)	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
Total revenue	289.72	204.08	218.64
Profit Before Tax	12.15	10.30	6.95
Profit After Tax	12.06	10.46	7.17
Paid up Equity Capital ( Number of Shares)	1,47,84,000	1,47,84,000	1,47,84,000
Reserves & Surplus	79.90	70.29	61.54

#### 5. Foreign investments or collaborations, if any.

There are no foreign investments or collaborations.

#### II. Information about the appointee:

##### 1. Background details

Mr. Virendra D. Sanghavi, aged 79 years, is the Promoter & Director of the Company. He is a Chemical Engineering Graduate from Mumbai University.

##### 2. Past remuneration

Mentioned in table providing disclosures as per Secretarial Standards - 2 by ICSI in Annexure A .

##### 3. Recognition or awards

Company has received Jamnalal Bajaj Award for Fair Business Practices in 2014 –Presented under the leadership of Mr. Virendra D. Sanghavi by Shri Dr. APJ Abdul Kalam, Former President of India, Mr. Sanghavi has received gold medal award from All India Achievers & Research Academy for outstanding Achievements & Excellence in chosen field of activity at Bangalore in the year 2019 he has also recognized in the list of India's Top 100 Great People Managers by the Great Managers Institute in association with the Forbes India in the year 2019.

##### 4. Job profile and his suitability

Mr. Virendra D. Sanghavi (DIN: 00759176), a Chemical Engineering Graduate from UDCT, Promoter & Founding Director of AARVI ENCON is serving the Company as a Managing Director. He has more than 50 years of Experience and excellent track record in design, development, construction and operation of process plants in India and

Internationally.

#### 5. Remuneration proposed

The detail of proposed remuneration is as per special resolution.

#### 6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Virendra D. Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

#### 7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel or other director, if any.

There exists no pecuniary relationship of Mr. Virendra D. Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him and Mr. Jaydev V. Sanghavi is his son and appointed as Executive Director and CFO of the Company.

#### III. Other information:

##### 1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, still its fall under the category of inadequate profit on account of which remuneration is paid as per Schedule V of the Companies Act, 2013.

##### 2. Steps taken or proposed to be taken for improvement

Under the dynamic leadership of Mr. Virendra D. Sanghavi, the Company is continuously looking at the new business opportunities to grow and expanding the existing facilities.

##### 3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

The terms and conditions of re-appointment and payment of remuneration of Mr. Virendra D. Sanghavi may be treated as an abstract under

Section 190 of the Companies Act, along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Mr. Jaydev V. Sanghavi, Mr. Virendra D. Sanghavi are interested in the resolution as set out at Item No. 5 of the Notice and their relatives may be deemed to be interested in the resolution as set out at Item No. 5 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 5.

The Board of Directors, hence, recommends the resolution at Item No. 5 of the Notice for the approval of the members by way of Special Resolution

## ITEM NO. 6

### **RE-APPOINTMENT OF MR. DEVENDRA J. SHRIMANKER (DIN: 00385083) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

Mr. Devendra J. Shrimanker (DIN: 00385083) is an existing Director on the Board of the Company who was appointed as an Independent Director of the Company for a term of 5 years with effect from June 3, 2017 till June 2, 2022. He is the Chairperson of Audit Committee and Nomination and Remuneration Committee and the member of Stakeholders Relationship Committee. The Board of Directors of the Company, and Nomination and Remuneration Committee on basis of the report of performance evaluation has recommended re-appointment of Mr. Devendra J. Shrimanker for a second term of 5 consecutive years, on the board of the company.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Accordingly, Based on the performance evaluation and given the background, experience and contributions made by him during his tenure, re-appointing his for second term would be beneficial to the Company, accordingly the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on

May 26, 2022 have recommended re-appointment of Mr. Devendra J. Shrimanker as an Independent Director for a second term of 5 consecutive years commencing from June 3, 2022 to June 2, 2027.

He is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received declaration from him confirming that he meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In opinion of the Board, he fulfills the conditions for reappointment as Independent Director and is independent of the management.

The Company has also received notice from Member under Section 160 of the Act proposing his re-appointment as Director.

This notice may be treated as information to the members about her candidature to the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of further opinion that he is independent director and possesses appropriate skills, experience and knowledge that will enable him to discharge his duties, roles and function as an Independent Director.

The notice and terms and conditions of re-appointment of Mr. Devendra J. Shrimanker along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Accordingly, it is proposed to approve the reappointment of Mr. Devendra J. Shrimanker as a Non-Executive Independent Director for a period of five years commencing from June 3, 2022 and ending on June 2, 2027, not liable to retire by rotation. As per the provisions of the Companies Act, 2013, the reappointment of an independent director of the Company requires approval of the members by special resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the



Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

Approval of Members is accordingly sought for re-appointment of Mr. Devendra J. Shrimanker as Independent Director as set out in Item No. 6 of the notice.

Mr. Devendra J. Shrimanker is interested in the resolution as set out at Item No. 6 of the Notice. The relatives of Mr. Devendra J. Shrimanker may be deemed to be interested in the resolution as set out at Item No. 6 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 6.

The Board accordingly recommends the Special Resolution as set out in Item No. 6 of the Notice for the approval of members.

#### **ITEM NO. 7**

#### **TO RE-APPOINTMENT OF MS. SONAL N. DOSHI (DIN: 06672497) AS A NON-EXECUTIVE INDEPENDENT DIRECTOR OF THE COMPANY**

Ms. Sonal N. Doshi (DIN: 06672497) is an existing Director on the Board of the Company who was appointed as an Independent Director of the Company for a term of 5 years with effect from June 3, 2017 till June 2, 2022. She is the Chairperson of Stakeholders Relationship Committee and the member of Audit Committee and Nomination and Remuneration Committee. The Board of Directors of the Company, and Nomination and Remuneration Committee on basis of the report of performance evaluation has recommended re-appointment of Ms. Sonal N. Doshi for a second term of 5 consecutive years, on the board of the company.

Section 149(10) of the Act provides that an independent director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an independent director may hold office for up to two consecutive terms.

Accordingly, based on performance evaluation and given the background, experience and contributions made by her during her tenure, re-appointing her for second term would be beneficial to the Company, accordingly the Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on May 26, 2022 have recommended re-appointment of Ms. Sonal

N. Doshi (DIN: 06672497) as an Independent Director for a second term of 5 consecutive years commencing from June 3, 2022 to June 2, 2027.

She is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. The Company has received declaration from her confirming that she meets the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In opinion of the Board, she fulfills the conditions for reappointment as Independent Director.

The Company has also received notice from Member under Section 160 of the Act proposing her re-appointment as Director.

This notice may be treated as information to the members about her candidature to the office of Directorship of the Company under section 160(2) of the Act read with Rule 13 of the Companies (Appointment and Qualifications of Directors) Rules, 2014 and disclosures as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board is of further opinion that she is independent director and possesses appropriate skills, experience and knowledge that will enable her to discharge her duties, roles and function as an Independent Director.

The notice and terms and conditions of re-appointment of Ms. Sonal N. Doshi along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Accordingly, it is proposed to approve the reappointment of Ms. Sonal N. Doshi as a Non-Executive Independent Director for a period of five years commencing from June 3, 2022 and ending on June 2, 2027, not liable to retire by rotation. As per the provisions of the Companies Act, 2013, the reappointment of an independent director of the Company requires approval of the members by special resolution.

A Brief profile and Information Pertaining to Director seeking re-appointment as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

Approval of Members is accordingly sought for re-appointment of Ms. Sonal N. Doshi as Independent Director as set out in Item No. 7 of the notice.

Ms. Sonal N. Doshi is interested in the resolution as set out at Item No. 7 of the Notice. The relatives of Ms. Sonal N. Doshi may be deemed to be interested in the resolution as set out at Item No. 7 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 7.

The Board accordingly recommends the Special Resolution as set out in Item No. 7 of the Notice for the approval of members.

## ITEM NO. 8

### 8. RE-APPOINTMENT OF MR. JAYDEV V. SANGHAVI (DIN: 00759042), EXECUTIVE DIRECTOR & CFO OF THE COMPANY AND FIXATION OF REMUNERATION THEREOF.

Mr. Jaydev V. Sanghavi, is a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. In 1992. Since then he has handled various assignments as a Project Coordinator, Business Development Manager, General Manager (Operations) and now Executive Director. He has played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully.

Mr. Jaydev has more than 25 years of experience in Sales, Marketing, Operations and Finance. And he was re-appointed as a Whole-time Director of the Company for a period of 5 (Five) years w.e.f. June 5, 2017. Accordingly, his present terms of office will expire on June 4, 2022 and thus it is proposed to re-appoint him for a further period of 5 (Five) years as a Whole-time Director of the Company w.e.f. June 5, 2022.

The remuneration payable to and terms of re-appointment of Mr. Jaydev V. Sanghavi as a Managing Director of the Company during the tenure of his re-appointment is as follows:

#### Remuneration

##### a. Minimum Remuneration:

In the event of there being loss or inadequacy of profit for any financial year, the remuneration payable to Mr. Jaydev V. Sanghavi will not be exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum for a period of 3 Financial Years,

which includes salary of Rs. 92,40,000/- (Rupees Ninety Two Lakhs Forty Thousand Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.

##### b. Overall Remuneration:

The aggregate of salary, commission and perquisites in any financial year shall not exceed the overall ceilings laid down in sections 196, 197 and other applicable provisions of the Companies Act, 2013 read with Schedule V of the said act as may for the time being in force.

##### c. Perquisite's

1. Medical Reimbursement: Will be available as to other Senior Executives of the Company
2. Leave Travel Concession: Will be available as to other Senior Executives of the Company
3. Leave: Privilege Leave as per rules of the Company.
4. Superannuation or Annuity Fund.
5. Other perquisites: Subject to the overall ceiling on remuneration mentioned herein below, he shall be entitled to any other allowances, benefits and perquisites as the Board of Directors may on the recommendation of the nomination and remuneration committee thereof may from time to time decide.

In accordance with the provision of Regulation 17(6)(e) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the fees or compensation payable to Executive Directors who are promoters or members of the promoter Group, shall be subject to the approval of the shareholders by special resolution if:

- a) the annual remuneration payable to such executive director exceeds rupees 5 crore or 2.5 per cent of the net profits of the listed entity, whichever is higher; or
- b) where there is more than one such director, the aggregate annual remuneration to such directors exceeds 5 per cent of the net profits of the listed entity.

Mr. Jaydev V. Sanghavi, Executive Director belongs to the Promoter and Promoter Group. Aforesaid limits as per Companies Act, 2013 is in excess of prescribed threshold limits of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This necessitates

seeking approval of the shareholders by way of special resolution.

Mr. Jaydev V. Sanghavi fulfils the conditions for eligibility contained in Part I of Schedule V of the Companies Act, 2013 (the "Act") and is not disqualified from being appointed as a Executive Director in terms of Section 164 of the Act.

The terms and conditions for re-appointment including payment of remuneration may be altered and varied from time to time by the Board / Nomination and Remuneration Committee as it may, at its discretion, deem fit within the overall ceiling fixed herein.

A copy of draft letter of appointment proposed to be issued to Mr. Jaydev V. Sanghavi recording the terms of his re-appointment for a period of Five years w.e.f. June 5, 2022 as referred to in the said resolution is available for inspection by the members at the Registered Office of the Company, during normal office hours on all working days except public holidays between 10.00 a.m. to 12.00 noon up to the date of the meeting i.e. July 29, 2022.

A Brief profile and Information Pertaining to Director w.r.t. fixation of remuneration of directors including Executive Director as mentioned under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India are given in **Annexure-A** in this Notice.

On the recommendation of Nomination and Remuneration Committee, Audit Committee and the Board of Directors of the Company at their meeting held on May 26, 2022, re-appointed Mr. Jaydev Sanghavi as an Executive Director & CFO of the Company for a further period of 5 (Five) years w.e.f. June 5, 2022 and the remuneration for next three financial years i.e. financial year 2022-23 to 2024-25 subject to the approval of members at an ensuing General Meeting.

## **Statement required pursuant to the provisions of Schedule V of the Companies Act, 2013:**

### **I. General Information:**

- Nature of industry**  
The Company is engaged in the business of staffing in engineering sector.
- Date or expected date of commencement of commercial production**  
Not Applicable.
- In case of new companies, expected date of commencement of activities as per project approved**

by financial institutions appearing in the prospectus  
Not Applicable.

- Financial performance based on given indicators  
(Rupees in Crore)

Particulars	March 31, 2022 (Rs.)	March 31, 2021 (Rs.)	March 31, 2020 (Rs.)
Total revenue	289.72	204.08	218.64
Profit Before Tax	12.15	10.30	6.95
Profit After Tax	12.06	10.46	7.17
Paid up Equity Capital (Number of Shares)	1,47,84,000	1,47,84,000	1,47,84,000
Reserves & Surplus	79.90	70.29	61.54

- Foreign investments or collaborations, if any: Not Applicable

### **II. Information about the appointee:**

- Background details

Mr. Jaydev V. Sanghavi, is the Promoter & Director of the Company. He is a Chemical Engineering Graduate from Mumbai University.

- Past remuneration

During FY 2021-2 Mr. Sanghavi has received remuneration & Commission of Rs. 1,68,00,000/- (Rupees One crore Sixty Eight Lakhs Only) in the capacity of Director which includes 0.5% of Turnover as a Commission.

- Recognition or awards

Under the leadership of Mr. Sanghavi Aarvi Encon was recognized among the top 10 industrial operation & maintenance service providers 2021 by Industry Outlook.

- Job profile and his suitability

Mr. Jaydev Sanghavi, a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. 30 years ago. Since then he is handling various assignments as a Business Development Manager, Operations Manager and now Executive Director. He is played a crucial role in developing strategic Business Tie-ups and delivering several large & complex projects successfully. His role in the Company as Director of the Company is most suitable considering his present role in the Company's day to day management.

2. Remuneration proposed

Mentioned in the table providing disclosures as per Secretarial standards -2 by ICSI

3. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Jaydev Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

4. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

There exists no pecuniary relationship of Mr. Jaydev Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him.

5. Remuneration proposed

The detail of proposed remuneration is as per special resolution.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration proposed to be paid to Mr. Jaydev V. Sanghavi is commensurate with the size of the Company, nature of its operations and is in line with the industry standards.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.

There exists no pecuniary relationship of Mr. Jaydev V. Sanghavi directly or indirectly with the Company or relationship with the Managerial Personnel in terms of the Companies Act, 2013 except to the extent of remuneration paid to him.

**III. Other information:**

1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, still its fall under the category of inadequate

profit on account of which remuneration is paid as per Schedule V of the Companies Act, 2013.

2. Steps taken or proposed to be taken for improvement

The Company is continuously looking at the new business opportunities to grow.

3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

Mr. Virendra D. Sanghavi and Jaydev V. Sanghavi is interested in the said resolution.

None of the remaining Directors, Key Managerial Personnel and their relatives is concerned or interested in the resolution, except to the extent of their shareholdings in the company.

**III. Other information:**

1. Reasons of loss or inadequate profits

At present, the performance of the Company is satisfactory as compared to the industry norms. However, in the event of any unforeseen circumstances and conditions beyond its control, the profitability of the Company may be affected.

2. Steps taken or proposed to be taken for improvement

The Company is continuously looking at the new business opportunities to grow.

3. Expected increase in productivity and profits in measurable terms.

It is difficult to forecast the productivity and profitability in measurable terms. However, the productivity and profitability may improve and would be comparable with the industry average.

The terms and conditions of re-appointment and payment of remuneration of Mr. Jaydev V. Sanghavi may be treated as an abstract under Section 190 of the Companies Act, along with other relevant documents mentioned herein above, would be available for inspection by the shareholders at the Registered Office of the Company between 10.00 a.m. and 1.00 p.m. on all working days from the date hereof up to the date of the AGM.

Mr. Jaydev V. Sanghavi and Mr. Virendra D. Sanghavi are interested in the resolution as set out



at Item No. 8 of the Notice and their relatives may be deemed to be interested in the resolution as set out at Item No. 8 of the Notice, to the extent of their equity shareholding interest, if any, in the company.

Save and except above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at Item No. 8.

The Board of Directors, hence, recommends the resolution at Item No. 8 of the Notice for the approval of the members by way of Special Resolution

## **ITEM NO. 9 & 10:**

### **APPROVAL OF AARVI EMPLOYEE STOCK OPTION PLAN 2022**

The Company appreciate the critical role its employees play in the organizational growth. The primary objective of this Plan is to reward the key Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company and its Subsidiary(ies), as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company views employees as its most important resource and asset and the Employee Stock Options as long-term incentive tools that would enable the Employees not only to become co-owners, but also to create wealth for themselves out of such ownership in future. To promote the culture of employee ownership the company is intending to issue employee stock options under 'Aarvi Employee Stock Option Plan 2022' ("Aarvi ESOP 2022" / "Plan") to the Employees and Directors of the Company, its subsidiaries and holding company, as determined from time to time.

Aarvi ESOP 2022 is drawn in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended (SEBI Regulations) issued by SEBI and other applicable laws. The Scheme has been in-principle recommended by the Nominations and Remuneration Committee at its meeting held on May 26, 2022 and approved by the Board of Directors at their meeting held on May 26, 2022.

The Scheme will be operated and administered under the superintendence of the Company's Nomination and Remuneration Committee, which is a Committee of the Board of Directors, the majority of whose Members are Independent Directors. The Nomination and Remuneration Committee will formulate the detailed

terms and conditions of the Scheme including:

1. Number of options to be granted to individual Employee, and in aggregate;
2. Terms on which the options will vest;
3. The conditions under which options vested in Employees may lapse in case of termination of Employees for misconduct;
4. The exercise period within which an Employee should exercise the options, and lapsing of options on failure to exercise the options within the exercise period;
5. The specified time period within which the Employee shall exercise the vested options in the event of termination or resignation of the Employee;
6. Mechanism for direct allotment of shares;
7. The right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
8. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions;
9. The grant, vesting and exercise of options in case of Employees who are on long leave; and
10. Any other related or incidental matters.

According to Regulation 6(1) of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 no scheme shall be offered to employees of a company unless the shareholders of the company approve it by passing a special resolution in the general meeting, accordingly, Item Number 9 & 10 to this Notice is proposed as Special Resolution.

**Disclosure/main features of Aarvi ESOP 2022 pursuant to the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations") and the Companies Act, 2013 are as under**

#### **(a) Brief description of the Scheme**

The Aarvi ESOP 2022 provides for grant of stock options to the permanent Employees and/or Directors of the Company and/or its holding (if any in future) and subsidiary company(ies), if any, as may be permissible under the SEBI SBEB Regulations (hereinafter referred to as 'Employees'). Each stock option will be, upon exercise, converted into one fully paid-up equity share of the Company of face value of Rs. 10/-.



**(b) Total number of options to be granted:**

The total number of Options to be granted shall not exceed 7,39,200 Options.

Options exercisable into such number of equity shares being not more than 5% of the paid up share capital of the Company at any point of time would be available for being granted to the eligible employees of the Company under Aarvi ESOP 2022. Each option when exercised would be converted into one equity share of face value of Rs. 10/- each fully paid-up or into cash equivalent.

In case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a Fair and reasonable adjustment will be made to the options granted. Accordingly, if any additional equity shares are required to be issued by the company to the option grantees for making such fair and reasonable adjustment, the ceiling of options/ equity shares as aforesaid shall be deemed to increase to the extent of such additional equity shares issued.

**(c) Identification of classes of employees entitled to participate in the ESOP 2022:**

All permanent employees and whole-time or executive directors (hereinafter referred to as "employees") of the company and employees of its subsidiary companies and holding company, shall be eligible subject to determination or selection by the Board.

However, following classes of employees/ Directors shall not be eligible who are:

- a. Independent directors;
- b. Promoters or persons belonging to promoter group; and
- c. Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;

The class of Employees eligible for participating in the Scheme shall be determined on the basis of the grade, number of years' service, performance, role assigned to the employee and such other parameters as may be decided by the Nomination and Remuneration Committee in its sole discretion from time to time.

The options granted to an Employee will not be transferable to any person and shall not be pledged,

hypothecated, mortgaged or otherwise alienated in any other manner.

**(d) Appraisal Process for determining the eligibility of the employees to Employee Stock Options Scheme:**

The appraisal process for determining the eligibility of the Employee will be specified by the Nomination and Remuneration Committee and will be based on criteria such as the grade of Employee, length of service, performance record, CTC, expected potential contribution by the Employee and/or by any such criteria that may be determined by the Nomination and Remuneration Committee in its sole discretion.

**(e) Requirements of vesting and period of vesting:**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance-based vesting, and the proportion in which options granted would vest (subject to the minimum and maximum vesting period as specified below).

The vesting period of options granted shall vest in not earlier than 1 (one) year and not more than 5 (five) years from the date of grant of such options. The exact proportion in which and the exact period over which the options would vest would be determined by the Nomination and Remuneration Committee, subject to the minimum vesting period of one year from the date of grant of options.

**(f) The maximum period within which the options shall be vested:**

The options granted shall have a vesting period of maximum 5 years and shall vest only on achievement of milestones, in case of performance based vesting, as would be determined by the Nomination and Remuneration Committee.

**(g) The exercise price or pricing formula;**

The exercise price per option shall be determined by the Nomination and Remuneration Committee at the time of grant. In determining the Exercise Price, the Committee shall take into consideration relevant factors prevalent at the time of the Grant which, among other things, would include the trend in the market price of the Company's Equity Shares

quoted on Stock Exchange. The exercise price may also be face value of shares.

**(h) The exercise Period and the process of exercise.**

The exercise period may commence from the date of vesting and will expire not later than 5 years from the date of vesting, or such other period as may be decided by the Nomination and Remuneration Committee from time to time.

The options will lapse if not exercised within the specified exercise period or as may be specified by the Nomination and Remuneration Committee. The options may also lapse under certain circumstances like termination of employee under misconduct, resignation, etc., even before the expiry of the specified exercise period.

**(i) Lock-in Period(if any):**

Unless otherwise decided to the contrary by the Nomination and Remuneration Committee of the Company, there shall not be any lock-in-period for the shares allotted pursuant to exercise of the vested options.

**(j) Maximum number of options to be issued per employee and in aggregate:**

The maximum number of Stock Options to be granted to any employee shall be decided by the Board or the Nomination and Remuneration Committee of the Company or by senior executives of the subsidiary/ies of the Company as may be identified by such Board or Committee. However, the number of Stock Options that may be granted to a single employee under the Aarvi ESOP 2022 shall not exceed 100000 Stock Option per eligible Employee. However, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling.

**(k) Maximum quantum of benefits to be provided per employee**

Apart from grant of Stock Options as stated above, no monetary benefits are contemplated under the Scheme. The maximum quantum of benefits underlying the stock options issued to an employee shall be equal to the difference between the option exercise price and the market price of the shares on the exercise date

**(l) Implementation and Administration**

The Aarvi ESOP 2022 is proposed to be implemented

and administered directly by the Company and not through any Trust.

**(m) Whether the Scheme involves new issue of Equity Shares by the Company or secondary acquisition or Both**

The Aarvi ESOP 2022 will involve only new issue of Equity Shares i.e. the primary route.

**(n) Disclosure and accounting policies**

The Company shall follow IND AS 102 on Share based Payments and accounting policies as prescribed by the SEBI SBEB Regulations and those prescribed by the concerned authorities from time to time, including such other applicable disclosure. In particular, the Company shall conform to the accounting policies specified in Regulation 15 of the SEBI SBEB Regulations

**(o) Method of option valuation:**

To calculate the employee compensation cost, the company shall use the Intrinsic value Method for valuation of the options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the stock options, the difference between the employee compensation cost so computed and the cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the directors' report and also the impact of this difference on profits and on EPS of the Company shall also be disclosed in the directors' report.

**(p) The conditions under which option vested in employees may lapse:**

The vested options shall lapse in case of termination of employment due to misconduct or due to breach of Company policies or the terms of employment. Further, irrespective of employment status, in case vested options are not exercised within the prescribed exercise period, then such vested options shall lapse.

**(q) The specified time period within the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee;**

In the case of termination of employment due to death of the employee, all vested options can be exercised by the optionees legal heirs within 1 (One) year from the date of such event.

In the case of termination of employment due to permanent incapacity of the employee, all vested options can be exercised by the option grantee or nominee of the option grantee, as applicable, within 1 (One) year from the date of such event.

**(r) Terms & conditions for buyback, if any, of specified securities covered under these regulations**

The Scheme does not envisage any buyback and hence not applicable

**(s) Other terms:**

The Board, based on the recommendations of the Nomination and Remuneration Committee, shall have the absolute authority to vary, modify or alter the terms of the Scheme in accordance with the Regulations and Guidelines as prescribed by the Securities and Exchange Board of India or Regulations that may be issued by any appropriate authority, from time to time, unless such variations, modifications or alterations is detrimental to the interest of the Employees.

The Board recommends the resolution at Item No. 9 & 10 of the Notice for the approval of the members

by way of Special Resolution.

The directors, key managerial personnel or their relatives may be deemed to be concerned or interested in this resolutions to the extent of options that be granted to them and to the extent of their shareholding as members.

**By Order of the Board of Directors  
AARVI ENCON LIMITED**

**Sd/-**

**Leela S. Bisht**

**Company Secretary & Compliance Officer**

**Date: 26<sup>th</sup> May, 2022**

**Place: Mumbai**

Registered Office:

603, B1 Wing, Marathon Innova,

Marathon Nextgen Complex,

Lower Parel (West), Mumbai – 400 013.

CIN: L29290MH1987PLC045499

Tel: 022-4049 9999

Email: [info@aarvienon.com](mailto:info@aarvienon.com); [cs@aarviencon.com](mailto:cs@aarviencon.com)

Website: [www.aarviencon.com](http://www.aarviencon.com)

## ANNEXURE A

### Details of Director seeking appointment / re-appointment/ fixation of remuneration at the 34<sup>th</sup> Annual General Meeting [Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & SS-2]

Name of the Director/ Statutory Auditor	Mr. Virendra D. Sanghavi	Mr. Jaydev V. Sanghavi	M/s Jay Shah & Associates, Chartered Accountants	Mr. Devendra J. Shrimanker	Mrs. Sonal Doshi
DIN / Registration No.	00759176	00759042	135424W	00385083	06672497
Age	79 years	51 years	37 Years	56 years	56 years
Date of Birth	29/09/1942	17/05/1971	05/10/1984	09/10/1965	13/08/1965
Nationality	Indian	Indian	Indian	Indian	Indian
Qualifications	Chemical Engineering Graduate from UDCT (Now Institute of Chemical Technology)	Chemical Engineering Graduate from Mumbai University.	Chartered Accountant	Chartered Accountant	Solicitor
Experience including expertise in specific functional areas / Brief Resume	<p>He is a has More than 48 years experience and excellent track record in design, development, construction and operation of process plants in India and Internationally. Previously working with various Engineering, Lubricant, Petrochemical, and Pharmaceutical companies such as Merck Sharp &amp; Dohme India Ltd. Mr. Sanghavi recently was recognized in the list of India's Top 100 Great People Managers by the Great Manager Institute in association with the Forbes India.</p>	<p>He is a Chemical Engineering Graduate from Mumbai University joined Aarvi Encon Pvt. Ltd. In 1992. Since then he has handled various assignments as a Project Coordinator, Business Development Manager, General Manager (Operations) and now Executive Director. He has played a crucial role in developing strategic Business Tie-ups and delivering several large &amp; complex projects successfully. In 1996 he identified a niche Business Opportunity in the project consulting of HR and thus came about a Manpower Supply division which he heads today. He is biggest contributor in establishing &amp; expanding Manpower Division. He has been instrumental in growth of Aarvi Encon. Under his leadership the company has become largest Technical Staffing company in India with offices at major location in India. He is instrumental in setting up offices in Qatar, UAE, Saudi Arabia. He has more than 25 years of experience in Sales, Marketing, Operations and Finance.</p>	<p>Jay Shah &amp; Associates is a proprietorship firm established in the year 2013. The founder, CA Jay Shah, is a fellow chartered accountant and a law graduate. Prior to establishing his chartered accountancy practice, he had been working in various leading firms such as Pricewaterhouse Coopers Pvt. Ltd., BMR &amp; Associates and KPMG for over 6 years. He brings with him a rich experience of audit, tax advisory and tax litigation.</p>	<p>Mr. Devendra J. Shrimanker a Bachelor of Commerce Graduate from Mumbai University and a Fellow member of The Institute of Chartered Accountant of India. Has more than 30+ years of Experience in the field of Taxation, Accounting, Auditing and Advisory Services. Mr. Shrimanker joined the Board of Aarvi on June 2, 2017, He is a partner of M / s. A. J. Shah &amp; Company, Chartered Accountant, in Mumbai. He is actively involved in advising various Large Multinationa 1 Corporation Operating in India, large Public-Sector Enterprises (PSU), Listed Companies and Family managed business groups, High Networth Individuals (HNI). Mr. Shrimanker is Speaker at various Seminars conducted for Taxation, Accounts, &amp; Finance Lectures for Corporate Groups and Training. Professional experiences of Mr. Shrimanker includes Direct Taxes, Tax Planning Advisory, Comprehensive Review of Corporate Groups with reference to taxation laws and companies Act., Comprehensive Tax Compliance Services, International Taxation Matters including transfer pricing assignments, Development and documentation of standard operating procedures, Audits under various laws and accounts and Mergers, acquisitions &amp; Valuations.</p>	<p>Mrs. Sonal Doshi is a Solicitor Practicing mainly in civil and corporate laws since 1991. Mrs. Doshi joined Aarvi' s Board of Directors on June 2, 2017 and has been an important contributor to the Board through her knowledge. She has also been working towards women empowerment. She has penned a book namely, "Women and Law" which was also translated into Marathi and Gujarati. Mrs. Doshi is a part of the external committee of Larsen &amp; Toubro Limited, L &amp; T Infotech, Thyssenkrup India Pvt. Ltd and Macleods Pharmaceuticals Ltd to deal with complaints filed under the Sexual Harrassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Mrs. Doshi has been a speaker at many events on the subject of Rights of Women and Testamentary Laws.</p>

Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid	As per the Board Resolution dated July 17, 2017 and Members Resolution dated July 24, 2017.	As per the Board Resolution dated July 17, 2017 and Members Resolution dated July 24, 2017.	As per the Board Resolution dated May 26, 2022 subject to approval of Shareholders.	Terms of appointment are as per the provisions of the Companies Act, 2013. Sitting Fees for attending Board and Committee Meetings are paid as per provisions of the Companies Act, 2013.	Terms of appointment are as per the provisions of the Companies Act, 2013. Sitting Fees for attending Board and Committee Meetings are paid as per provisions of the Companies Act, 2013.
Remuneration last drawn	1.68 Cr. P.A. (Rupees One Crore Sixty Eight Lakhs Only)	1.68 Cr. P.A. (Rupees One Crore Sixty Eight Lakhs Only)	-	-	-
date of first appointment on the Board	December 03, 1987	November 09, 2005	May 26, 2022	June 3, 2017	June 3, 2017
Shareholding in the company	75,95,000 shares (51.37 %)	21,82,500 (14.76%)	NIL	NIL	NIL
relationship with other Directors, Manager and other Key Managerial Personnel of the company	He is the father of Mr. Jaydev V. Sanghavi, Executive Director of the Company. Except Mr. Jaydev V. Sanghavi, he is not related to any other director and/or KMP of the company.	He is the son of Mr. Virendra D. Sanghavi, Managing Director of the Company. Except Mr. Virendra D. Sanghavi, he is not related to any other director and/or KMP of the company.	NIL	NIL	NIL
Number of Meetings of the Board attended during the year.	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	NIL	There were total 5 (five) board meetings held during the year. He has attended all the board during the FY 2021-22.	There were total 5 (five) board meetings held during the year. She has attended all the board during the FY 2021-22.
Justification for re-appointment as Independent Directors	-	-	-	Independent of the management and possesses appropriate skills, experience and knowledge.	Independent of the management and possesses appropriate skills, experience and knowledge.
Other Directorships, Membership/ Chairmanship of Committees of other Boards * *Directorships include directorships of other Indian Public Companies and Committee memberships include only Audit Committee and Stakeholders' Relationship Committee (whether listed or not)	He is a Director in the following Companies: 1. Aarvi Engineering & Consultants Pvt. Ltd.	He is a Director in the following Companies: 1. Process Plant And Machinery Association of India. 2. Aarvi Engineering & Consultants Pvt. Ltd. 3. Beetle Ventures Private Limited. 4. Energyjobz Services Private Limited.	-	He is a Director in the following Companies: 1. Citadel Reality and Developers Ltd - Non Executive Independent Director and Membership in Audit Committee and 2. Pentokey Organy (India) Ltd - Non Executive Independent Director and Holding chairmanship in Audit and Stakeholder's Relationship Committee.	-

**For and on behalf of  
AARVI ENCON LIMITED**

**Sd/-  
Leela S. Bisht  
Company Secretary & Compliance Officer**



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have the pleasure in presenting the 34<sup>th</sup> Annual Report of your Company (Aarvi Encon Limited/AARVI) on business and operations of the Company along with the Audited Standalone and Consolidated Financial Statements and the Auditor's Report for the year ended March 31, 2022. Consolidated performances of the Company and its subsidiaries have been referred to wherever it's required.

### Corporate Overview:-

The Company was incorporated in 1987 and has been creating value for clients in India and abroad by delivering world-class Engineering and Manpower Outsourcing Services. The Company's dynamic approach to problem solving enable them to deliver quality services on time with consistent performance to the clients across the globe. Aarvi has long standing with clients and working with most of them for over decades. In the year 2017, the Company got listed on the SME platform of National Stock Exchange of India Limited after its successful Initial Public Offer (IPO). The Trading in the Equity Shares of the Company has been migrated from SME EMERGE platform to Main Board of NSE w.e.f. June 24, 2020. It has corporate headquarters at Mumbai and branch offices at various locations in India and abroad.

### 1. FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The financial results for the year ended on 31st March, 2022 and the corresponding figures for the previous year are as under:

Particulars	Consolidated (Rs.in Crores)		Standalone (Rs.in Crores)	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Net Revenue from Operations	288.54	201.78	274.51	189.65
Other Income	1.17	2.30	1.21	2.28
Total Income	289.72	204.08	275.72	191.93
Total Expenditure	277.57	193.77	263.33	183.42
Profit before tax	12.15	10.30	12.39	8.51
Current Tax	0.11	-	0.11	-
Short/Excess Provision for Tax	-	(0.97)	-	(0.97)
Deferred Tax	(0.02)	0.82	(0.02)	0.83
Profit after taxes	12.06	10.46	12.30	8.65

### STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS

As mandated by the Ministry of Corporate Affairs, the financial statements for the year ended on March 31, 2022 has been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "The Act") read with the Companies (Accounts) Rules, 2014 as amended from time to time. The estimates and judgments relating to the Financial Statements are made on a prudent basis, so as to reflect in a true and fair manner, the form and substance of transactions and reasonably present the Company's state of affairs, profits and cash flows for the year ended March 31, 2022. The

Notes to the Financial Statements adequately cover the standalone and consolidated Audited Statements and form an integral part of this Report.

### REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS / STATE OF AFFAIRS:

Your Directors wish to present details of Business Operations done during the year under review:

#### STANDALONE PERFORMANCE

The Company has reported good performance in revenue during FY 2021-22. Revenue from operations at Rs. 274.51/- Cr. as against Rs. 189.65/- Cr. of previous year which has increased drastically by 44% year on year, reflecting an exceptional results in key markets and segments. Operating

profit at Rs. 12.30/- Cr. as against Rs. 8.65/- Cr. of previous year witnessing tremendous increase of 42% year on year.

### CONSOLIDATED PERFORMANCE

Your Company has reported growth in revenue for the year ended on 31st March 2022. Revenue from operations at Rs. 288.54/- Cr. as against Rs. 201.78/- Cr. of previous year reflecting the increase in the growth than the previous year performance in key markets and segments. Operating profit at Rs. 12.06/- Cr. as against Rs. 10.46/- Cr. of previous year shows the upward growth.

Your Directors express their happiness on the overall financial performance and the progress made on different areas by the Company during the year under review.

In accordance with Section 129 of Companies Act, 2013 and the IND AS-27 on Consolidated and Separate Financial Statements, the Audited Consolidated Financial Statements are provided in the Annual Report.

## 2. SHARE CAPITAL

The Total Paid-up Capital of the Company as on March 31, 2022 is Rs. 14,78,40,000/- 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.

In order to enable the employees of the Company to participate in the future growth and success of the

Company, the Board of Directors in their meeting held on May 26, 2022 adopted Employee Stock Option Plan Scheme, 2022.

This ESOP Scheme is subject to Shareholders approval in the ensuing Annual General Meeting of the Company.

## 3. DIVIDEND

During the year, the Board of Directors of the Company has declared and distributed an interim dividend at 5% i.e. Rs. 0.5/- per fully paid- up Equity Share of the face value of Rs. 10/- each and the same was distributed on December 1, 2021.

The Board of Directors recommended a dividend 15% i.e. Re. 1.50/- per fully paid- up Equity Share of the face value of Rs. 10/- each for the year ended March 31, 2022 based on the parameters laid down under the Dividend Distribution Policy.

The dividend on Equity Shares is subject to the approval of Shareholders at the 34<sup>th</sup> Annual General

Meeting ('AGM') scheduled to be held on Friday, July 29, 2022. The dividend once approved by the Shareholders will be paid after July 29, 2022.

The dividend on Equity Shares if approved by the Members, would involve a cash outflow of Rs. 2.21 Crores and shall be paid out of profits of the Company for previous financial years i.e. FY 2021-22 forming a part of retained earnings pursuant to Section 123 (1) of the Companies Act, 2013 ('the Act').

In view of the amendment to the Income Tax Act, 1961 through the Finance Act, 2020, imposition of Dividend Distribution Tax has been abolished. The dividend, if declared at the ensuing AGM will be taxable in the hands of the shareholders of the Company.

### DIVIDEND DISTRIBUTION POLICY

As mandated under regulation 43A of SEBI Listing Regulations, the Board of Directors of the Company at its meeting held on June 3, 2021 adopted a Dividend Distribution Policy for the Company, which sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders.

## 4. RESERVES

The Balance in Reserves & Surplus stands at Rs. 79.91/- Cr. in comparison with the previous year balance of Rs. 70.29/- Cr.

## 5. SUBSIDIARY COMPANIES

The Company has three Subsidiary Companies and One Associate Company as on March 31, 2022.

1. Aarvi Encon FZE located at United Arab Emirates (UAE), Wholly Owned Subsidiary.
2. Aarvi Engineering and Consultants Private Limited, Wholly Owned Subsidiary.
3. Aarvi Encon Resources Limited located at United Kingdom (UK), Wholly Owned Subsidiary.
4. Aarvi Encon Staffing Services W.L.L. Located at Qatar, Associate/ Joint Venture Company.

Your Company has formulated a Policy for determining 'Material' Subsidiaries pursuant to the provisions of Regulation 16 of SEBI LODR Regulations, 2015. The said Policy is available on the Company's website <https://www.aarviencon.com/policies-of-the-company>

Aarvi Encon FZE, a wholly owned Subsidiary Company continues to be a material subsidiary of the Company as its net worth stands more than 10% to the total net worth of the Company.

**Aarvi Encon FZE** is a Free Zone Establishment at SAIF Zone, Sharjah, UAE incorporated on October 13, 2015. A Wholly owned Subsidiary of the Company had partnered with Bon Accord Employment Services, a proprietary Company at UAE in the year 2018 to develop the business of providing manpower or consultancy services in UAE.

The Company has successfully executed the valuable projects along with the Bon Accord in Abu Dhabi and it expects more projects in the upcoming year also.

**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 on March 07, 2018 at United Kingdom (UK), which is a wholly owned Subsidiary of the Company. The Company is on final stage to start its operation. The accounts of the AERL are also consolidated with the Company.

Internationally, the Company has its presence via **Aarvi Encon LLC** Joint Venture Company incorporated on January 15, 2021 at Sultanate of Oman and **PT Aarvi Encon Services** a Joint Venture Company incorporated on June 10, 2021 at Jakarta, Indonesia both of the aforesaid Joint Ventures are the JV's of Aarvi Encon FZE Located in the United Arab Emirates.

**Aarvi Encon staffing Services W.L.L. (Qatar)** a Joint Venture Company located at Qatar incorporated on January 24, 2022.

The aforesaid Companies are yet to start its operations.

Pursuant to the provisions of Section 129(3) of the Act, a statement containing the details of performance and salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached herewith to the financial statements of the Company as Annexure -1.

Further, pursuant to the provisions of Section 136 of the Act, the audited 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/financial-reporting>.

## 6. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) REPORT

Pursuant to the provisions of Regulation 34 of the SEBI LODR Regulations 2015, the Management Discussion and Analysis capturing your Company's performance, industry trends and other material changes with respect to your Companies and its subsidiaries, wherever applicable, are set out separately in this Annual Report.

## 7. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of corporate governance. We believe sound corporate governance is critical to enhance and retain investor trust. Our disclosures seek to attain the best practices in corporate governance. We always strive to implement several best corporate governance practices in the Company to enhance long-term shareholder value and respect minority rights in all our business decisions. Corporate Governance Report for financial year 2021-22 is presented in separate section forming part of this Annual Report. A Certificate from Bhatt & Associates Company Secretaries LLP confirming compliance to the conditions of Corporate Governance as stipulated under Para E of Schedule V of the Listing Regulations, is enclosed to this Report.

## 8. DEPOSITS

The Company has not accepted/ hold/ any deposits from public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. Hence, the requirement for furnishing the details relating to deposits covered under Chapter V of the Act or the details of deposits that are not in compliance with the Chapter V of the Act is not applicable.

## 9. CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year under review.

## 10. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

The particular of loans given, guarantees provided and investments made have been duly disclosed in the Financial Statements.

## 11. RELATED PARTY TRANSACTIONS

All transactions entered into by the Company with

Related Parties for the year under review were on arm's length basis and in ordinary course of business and hence not falling under the ambit of Section 188 of the Companies Act, 2013. No Related Party Transactions (RPTs) were entered into by the Company during the financial year, which attracted the provisions of section 188 of the Companies Act, 2013. There being no 'material' related party transactions / contracts / arrangements as defined under regulation 23 of the SEBI (LODR) Regulations, 2015, there are no details to be disclosed in Form AOC-2 (Annexure-2) in that regard.

All related party transactions are mentioned in the notes to the accounts which sets out related party disclosures.

The Company has formulated a Policy on "Materiality of Related Party Transactions", which are in line with the provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI LODR Regulations, 2015.

The same is also available on the Website of the Company at <https://www.aarviencon.com/policies-of-the-company> of the Company.

During the year 2021-22 pursuant to section 177 of the Companies Act, 2013 and regulation 23 of SEBI LODR Regulations, 2015, all RPTs were placed before the Audit Committee for its approval. Prior omnibus approval from the Audit Committee is obtained for transactions which are repetitive and also normal in nature. During the year under review, there were no material related party transactions under Regulation 23 (4) of SEBI LODR Regulations, 2015 entered into by the Company, which necessitates approval of Shareholders.

## 12. BOARD OF DIRECTORS, COMMITTEES OF BOARD AND KEY MANAGERIAL PERSONNEL

### A. Board of Directors

Your Company's Board of Directors as on the financial year end March 31, 2022 comprises of Two Executive Directors out of which one is Managing Director and Four Independent Directors which includes Two Women Directors and the same is disclosed in the Report on Corporate Governance as set out separately in this annual report.

In compliance with Section 203 of the Act, Ms. Leela Bisht was appointed as Company Secretary & Compliance Officer and Whole Time Key Managerial Personnel of the Company w.e.f. June 3, 2021.

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 or reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

### NUMBER OF BOARD MEETINGS DURING THE YEAR

During the year, 5 meetings of the Board of Directors were held; details of the same have been mentioned in Corporate Governance Report.

### B. Committees of the Board

As required under the Companies Act, 2013 and SEBI LODR Regulations, 2015, the Board has formed five Committees viz.

- Audit Committee;
- Nomination and Remuneration Committee ;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility Committee And
- Finance and Management Committee.

Keeping in view the requirements of the Companies Act, 2013 and SEBI LODR Regulations, 2015, the Board decides the terms of reference of these Committees and the assignment of members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

### AUDIT COMMITTEE

Pursuant to Section 177(8) of the Companies Act, 2013, the composition of the Audit Committee is disclosed as under:

Sr. No.	Name of the Member	Designation
1.	Mr. Devendra J. Shrimanker	Chairperson (Independent Director)
2.	Mrs. Sonal N. Doshi	Member (Independent Director)
3.	Mrs. Padma V. Devarajan	Member (Independent Director)
4.	Mr. Jaydev V. Sanghavi	Member (Executive Director and CFO)

The details of all the Committees along with their composition, number of meetings and attendance at the meeting is stated in Report on Corporate Governance as set out separately in this annual report.

During the year, all recommendations of the Audit



Committee were accepted by the Board.

### NOMINATION AND REMUNERATION COMMITTEE

In accordance with the provisions of the Section 178 of the Companies Act, 2013 read along with the applicable Rules thereto and Regulation 19 of the SEBI LODR Regulations, 2015, the Company has constituted Nomination and Remuneration Committee and has formulated "Nomination and Remuneration Policy" containing criteria for determining qualifications, positive attributes, independence of a director and other matters provided under section 178(3) of Companies Act, 2013 for selection of any Director, Key Managerial Personnel and Senior Management Employees.

The said policy of the Company is directed towards rewarding performance, based on review of achievements on a periodic basis. The Board of Directors has approved Nomination and Remuneration policy and available at the Company's website under the web link <https://www.aarviencon.com/policies-of-the-company>.

The details pertaining to composition of the Nomination and Remuneration Committee are disclosed as under:

Sr. No.	Name of the KMP	Designation
1.	Mr. Devendra J. Shrimanker	Chairperson (Independent Director)
2.	Mrs. Sonal N. Doshi	Member (Independent Director)
3.	Mrs. Padma V. Devarajan	Member (Independent Director)
*4.	Mr. Sharad S. Sanghi	Member (Independent Director)

\*Appointed as a Committee Member in the Board of Directors Meeting held on April 26, 2022.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

As per the provisions of section 178 of Companies Act, 2013, the composition of the Stakeholders Relationship Committee is as under:

Sr. No.	Name of the KMP	Designation
1.	Mrs. Sonal N. Doshi	Chairperson (Independent Director)
2.	Mr. Devendra J. Shrimanker	Member (Independent Director)
3.	Mr. Jaydev V. Sanghavi	Member (Executive Director and CFO)

During the year under review, the Company received no complaints from any of its shareholders. The Company Secretary acts as the Secretary to the Committee.

### CORPORATE SOCIAL RESPONSIBILITY

As per the provisions of section 135 of Companies Act, 2013, the composition of the CSR Committee is as under:

Sr. No.	Name of the Member	Designation
1.	Mr. Virendra D. Sanghavi	Chairperson – Managing Director
2.	Mrs. Sonal N. Doshi	Member (Independent Director)
3.	Mrs. Padma V. Devarajan	Member (Independent Director)
4.	Mr. Sharad S. Sanghi	Member (Independent Director)

The Company's CSR Policy provides guidelines to conduct CSR activities of the Company, which can be accessed on the Company's website at <https://www.aarviencon.com/policies-of-the-company>. During the year the Company has spent Rs. 9,33,082/- on CSR Activities. In terms of the provisions of the Act read with amended Companies (Corporate Social Responsibility Policy) Rules, 2014, the CSR Report for the financial year 2021-22 forms part of the Board's Report and is annexed as Annexure 3 to this report.

### FINANCE AND MANAGEMENT COMMITTEE

The Board constituted the Finance & Management Committee, The Committee has been given the powers in order to have convenience in expediting day to day matters relating to Company's affairs like finance, management etc. The composition of the Committee as on 31st March, 2022 is as follows:

Sr. No.	Name of the KMP	Designation
1.	Mr. Virendra D. Sanghavi	Chairperson – Managing Director
3.	Mr. Jaydev V. Sanghavi	Member (Executive Director and CFO)

The decisions of the Finance & Management Committee are to be ratified in the subsequent Board Meetings.

### C. Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel



(KMP) of the Company as under;

Sr. No.	Name of the KMP	Designation
1.	Mr. Virendra D. Sanghavi	Managing Director
2.	Mr. Jaydev V. Sanghavi	Executive Director and CFO
3.	Ms. Leela S. Bisht	Company Secretary

**D. Details of Directors or Key Managerial Personnel who were appointed or have resigned during the year:**

In accordance with the provisions of Section 152 (6) of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director of the Company, retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment. The details of Mr. Jaydev V. Sanghavi are furnished in the Notice of the Annual General Meeting. The Board recommends his re-appointment for the consideration of the Members of the Company at the forthcoming Annual General Meeting.

Mr. Devendra J. Shrimanker (DIN: 00385083) and Ms. Sonal N. Doshi (DIN: 06672497) will be reappointed for the final term of 5 years as an Independent Director subject to the Shareholder approval at 34th Annual General Meeting for the second term of 5 consecutive years commencing from June 3, 2022 to June 2, 2027.

The Board recommends re-appointment of Mr. Virendra D. Sanghavi, Managing Director Company for the period of Five years w.e.f. July 24, 2022, Mr. Jaydev V. Sanghavi, Executive Director & Chief Financial Officer for a period of 5 (Five) Years w.e.f. June 5, 2022 for the consideration of the Members of the Company at the ensuing Annual General Meeting.

**E. Receipt of any commission by MD / ED from Company or from its holding or subsidiary Company**

The Company has paid Commission @0.5% of the total turnover of the Company to Directors i.e. Mr. Virendra D. Sanghavi, Managing Director and Mr. Jaydev V. Sanghavi, Executive Director during the year.

Director during the year as a part of remuneration is subject to the maximum limit of Rs. 1.68 Crs.

Further, Mr. Virendra D. Sanghavi and Mr. Jaydev

V. Sanghavi did not draw any remuneration and /or commission from its subsidiaries.

**13. Declaration by Independent Directors**

The Board took on record all declarations and confirmations submitted by Independent Directors that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) and 25 of the SEBI LODR Regulations, 2015 and there has been no change in the circumstances which may affect their status as an independent director during the year.

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 or reimbursement of expenses, if any incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

In the opinion of the Board, the Independent director re-appointed during the tenure possesses the requisite expertise and experience, (including proficiency) and are persons of high integrity. They fulfil the conditions specified in the Companies Act, 2013 and the rules made thereunder and independent of the management.

The Independent Directors have also confirmed compliance with the provisions of the rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014, as amended, relating to inclusion of their name in the databank of independent directors.

The details of programme for familiarization of Independent Directors with the Company, nature of industry in which Company operates and related matters are put on website of the Company at <https://www.aarviencon.com/policies-of-the-company>

**14. Annual Evaluation**

Performance evaluation of Independent directors was done by the entire Board, excluding the Independent Director being evaluated.

The Nomination and Remuneration Committee (NRC) has approved a framework / policy for performance evaluation of the Board, Committees of the Board and the individual members of the Board (including the Chairperson) that includes criteria for performance evaluation, which is reviewed annually by the Committee. A questionnaire for the evaluation of the Board, its Committees and the individual members of the Board (including the Chairperson), designed in accordance with the said framework and covering various aspects of the performance of the

Board and its Committees, including composition and quality, roles and responsibilities, processes and functioning, adherence to Code of Conduct and Ethics and best practices in Corporate Governance as mentioned in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017 was circulated to the Directors.

Pursuant to the provisions of the Act and SEBI LODR Regulations, 2015 and based on policy devised by committee, the board has carried out annual evaluation of its own performance, its committees and individual directors. The board performance was evaluated on inputs received from all the Directors after considering criteria as mentioned aforesaid.

The performance of the committees was evaluated by the Board of Directors on inputs received from all committee members after considering criteria as mentioned aforesaid.

Pursuant to SEBI LODR Regulations, 2015, performance evaluation of independent director was done by the entire board, excluding the independent director being evaluated.

The performance evaluation of non-independent directors and the board as a whole and Chairman of the Board and also assessed the quality, quantity and timeliness of the flow of information between the Management and the Board, which is necessary for the Board to effectively and reasonably perform its duties was also carried out by the Independent Directors of the Company through separate meeting on March 29, 2022.

## **15. Meetings of the Board/Committees**

The meetings of the Board are scheduled at regular intervals to decide and discuss on business performance, policies, strategies and other matters of significance. The schedules of the meetings are circulated in advance, to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through Circular Resolution.

The Board met 5 (five) times during the financial year 2021-22. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013. Detailed information regarding the meetings of the Board/Committee are included in the report on Corporate Governance, as set out separately in this Annual Report.

## **16. AUDITORS**

### **A. STATUTORY AUDITORS**

At the 29<sup>th</sup> AGM held on July 15, 2017, the Members approved the appointment of M/s. Arvind H. Shah & Co. Chartered Accountants (Firm Registration No. 100577W) as the Statutory Auditors of the Company to hold office for a period of five consecutive years from the conclusion of the 29<sup>th</sup> AGM till the conclusion of the 34<sup>th</sup> AGM.

The Board of Directors based on the recommendation of the Audit Committee approved the appointment of M/s. Jay Shah & Associates as the Statutory Auditors of the Company for a term of five consecutive years, i.e. to hold office from the conclusion of the ensuing 34<sup>th</sup> AGM till the conclusion of the 39<sup>th</sup> AGM of the Company, to audit and examine the books of accounts of the Company, subject to approval of the Members at the ensuing 34<sup>th</sup> AGM. The Company has received a confirmation from the said Auditors that they are not disqualified and are eligible to hold the office as Auditors of the Company. The necessary resolution for the appointment of M/s. Jay Shah & Co. (Firm Registration No. 135424W), forms a part of the Notice convening the ensuing AGM scheduled to be held on Friday, July 29, 2022.

### **AUDITOR'S REPORT**

The Auditor's Report on the Financial Statements of the Company for the year ending March 31, 2022 is unmodified i.e., it does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the Financial Statements forming part of the Annual Report.

### **DETAILS OF FRAUD REPORTED BY AUDITORS**

There were no frauds reported by the Statutory Auditors under provisions of Section 143(12) of the Companies Act, 2013 and rules made thereunder.

### **B. INTERNAL AUDITOR AND INTERNAL AUDIT SYSTEMS**

Your Company has appointed Natwarlal Vepari & Co., Chartered Accountants to conduct internal audit across the organization. We have strengthened the in-house internal audit and compliance team to supplement and support the efforts of M/s. Natwarlal Vepari & Co.

### **C. SECRETARIAL AUDITOR**

Section 204 of the Companies Act, 2013, inter-alia, requires every listed company to annex with its Board's Report, a Secretarial Audit Report given by a Company Secretary in practice, in the prescribed form. The Board of Directors appointed Bhatt &

Associates Company Secretaries LLP, Mumbai, as Secretarial Auditor to conduct the Secretarial Audit of the Company for financial year 2021-22 and his Report is annexed to this Board Report (Annexure 4).

#### **D. Secretarial Compliance Report of Aarvi Encon Limited for the year ended March 31, 2022**

As per Regulation 24A of SEBI LODR Regulations, 2015, read with SEBI Circular dated February 08, 2019, the listed entities in addition to the Secretarial Audit Report as required under section 204 of the Companies Act, 2013 is also required to submit a separate report i.e. Annual Secretarial Compliance Report with the exchange within sixty days of the end of the year for compliance of all the applicable SEBI Laws, circulars or guidelines thereunder.

The Secretarial Compliance Certificate has been issued by the Bhatt & Associates Company Secretaries LLP after independent verification of the records, books, papers and documents as maintained by the Company as per all the applicable SEBI laws, Regulations and circulars/ guidelines issued thereunder.

The same was submitted to the Stock Exchange(s) within the stipulated date and a copy of the same is hosted at our website at <https://www.aarviencon.com/announcements>.

The observations and comments given by the Secretarial Auditor in their Report are self-explanatory and hence do not call for any further comments. Refer Annexure 5 for the Secretarial Compliance Report and Secretarial Audit Report.

#### **17. INTERNAL FINANCE CONTROL**

The Company has adequate internal financial control system commensurate with the size, scale and complexity of its operations. The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the business and functions are systematically addressed through mitigation action on continuing basis. These are routinely tested and certified by Statutory as well as Internal Auditors. The audit observations on internal financial controls are periodically reported to the Audit Committee.

#### **18. 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 have been no material changes and commitments, 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 till the date of this Report.

#### **19. RISK MANAGEMENT**

The Company has adopted a draft Risk Management Policy which lays down the framework to define, assess, monitor and mitigate the business, operational, financial and other risks associated with the business of the Company. The Risk Management Policy enables for growth of company by helping its business to identify risks, assess, evaluate and monitor risks continuously and undertake effective steps to manage these risks.

#### **20. 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 steps taken by the company for utilizing alternate sources of energy: Company has taken preventive steps w.r.t. electricity consumption as we are into service sector and consume only electricity to operate laptop and maintain server system.
3. 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

(Amount in Rs.)

Particulars	2020 – 21	2021 – 22
Foreign Exchange Earnings in terms of actual inflows	NIL	3,00,139.00
Foreign Exchange outgo in terms of actual outflow	4,02,881.00	6,80,086.00

#### 21. VIGIL MECHANISM

Pursuant to the Regulation 22 of SEBI Listing Regulation, 2015 and 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. for adequate safeguard against victimization of person who use such mechanism and provision for direct access to the chairperson of the Audit Committee. 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. <https://www.aarviencon.com/policies-of-the-company>.

#### 22. INSIDER TRADING REGULATIONS

Based on the requirements under SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Insider Trading Policy as approved by the Board is in force in the Company. The Company also adopts the concept of Trading Window Closure, to prevent its Directors, Officers, designated employees, their relatives, other connected employees and other connected persons from trading in the securities of the Company at the time when there is access to Unpublished Price Sensitive Information (UPSI).

#### 23. ANNUAL RETURN:

As required under Section 134(3)(a) of the Act, the Annual return once filed with Registrar of Companies/MCA shall be placed on the website of the Company and can be accessed at [www.aarviencon.com](http://www.aarviencon.com)

#### 24. CREDIT RATING

Your Company’s Domestic Credit Rating is CRISIL SME Rating 1 for the long-term debt /facilities 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.

#### 25. 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:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- They have prepared the annual accounts on a going concern basis;
- 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
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 26. LISTING ON STOCK EXCHANGE

The Equity shares of the Company got listed on The National Stock Exchange of India Ltd (NSE) SME Emerge Platform in the year 2017 and it has migrated the trading of its equity shares to the Main Board of NSE Ltd. (Capital Market Segment) on June 24, 2020.



## 27. 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.

## 28. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names of top ten employees in terms of remuneration drawn in the said rules forms part of this report. Further, there were no employees drawing remuneration in excess of the limits set out in the said rules and hence aforesaid disclosure is not applicable.

Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being

sent to the members of the Company. Any member interested in obtaining such information may write to the Company Secretary on cs@aarviencon.com and the same will be furnished on request. The Company has no employee, who is in receipt of remuneration of Rs. 8,50,000/- per month and / 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. Further, Company has not posted any of the Employees in a country outside India, not being directors or their relatives, drawing more than sixty lakh rupees per financial year or five lakh rupees per month during the year.

**Disclosures relating to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report.**  
**Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:**

(a) Ratio of the remuneration of each Director, Chief Financial Officer and Company Secretary of the Company and b) ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2021 - 22:

Name of the Directors	Designation	Remuneration of the Directors	% Increase in the Remuneration	Ratio of Remuneration of each Director/ to median remuneration of employees.	Increase/ (Decrease) in Median Remuneration as compared to Previous Year
Mr. Virendra D. Sanghavi	Managing Director	1,68,00,000	-	39.77	(6.81)
Mr. Jaydev V. Sanghavi	Executive Director & CFO	1,68,00,000	-	39.77	(6.81)
Mr. Devendra J. Shrimanker*	Independent Director	-	-	Independent Director	-
Mrs. Sonal N. Doshi*	Independent Director	-	-	Independent Director	-
Dr. Padma V. Devarajan*	Independent Director	-	-	Independent Director	-
Mr. Sharad S. Sanghi*	Independent Director	-	-	Independent Director	-
Ms. Leela S. Bisht <sup>#</sup>	Company Secretary	4,45,000	-	1.05	-

\* Entitled for Sitting fees of 20,000 for attending each Board and Audit Committee and 7,500 for attending all other Committee Meetings.

<sup>#</sup> Ms. Leela S. Bisht appointed as Company Secretary & Compliance Officer on June 3, 2021.



- (b) Number of permanent employees on the rolls of Company: 5541
- (c) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NIL
- (e) It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and other Employees is as per the remuneration policy of the Company.
- (f) Names of top 10 employees of Company in terms of remuneration drawn and name and particulars of the employees who were employed throughout the financial year and were in receipt of remuneration for that year which, in the aggregate, was not less than One Crore and Two Lakh Rupees per financial year and name and particulars of employees who were employed for a part of the year and were in receipt of remuneration for that period which, in the aggregate, was not less than Eight Lakh Fifty Thousand Rupees per month: No employees drew remuneration as per the limits specified under rule 5(2) and rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
- (g) Names of employees of Company, who were employed throughout the financial year or part thereof and were in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole time director or manager, if any, and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company: N.A

## 29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company is committed and dedicated in providing a healthy and harassment free work environment to every individual of the Company, a work environment that does not tolerate sexual harassment. We highly respect dignity of everyone involved at our work place, whether they are employees, suppliers or our customers. We require all employees to strictly maintain mutual respect and positive attitude towards each other.

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 Sexual Harassment at Workplace. The following is the summary of Sexual Harassment complaints received and disposed of during the year 2021-22.

Number of complaints pending as on the beginning of the financial year : Nil

Number of complaints filed during the financial year : Nil

Number of complaints pending at the end of the financial year : Nil

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

## 30. HUMAN RESOURCES

Your Company treats its "human resources" as one of its most important assets. Your Company continuously invests 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 and Consultant : 5541

Total Addition in Employees and Consultant during the F.Y 2021-22 : 1147

No. of Women Employees during the F.Y 2021-22 : 215

The Company has all the required policies under the Indian laws for the time being in force and as required under the Companies Act, 2013 and SEBI LODR Regulations, 2015 to protect and safeguard the interest of the employees. The policies pertaining to the code of conduct for employees, senior management team and directors, harassment free policy as required under the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Policy on Insider Trading as required under SEBI Prohibition of Insider Trading Regulations, 1992, Whistle Blower Policy etc. and all the Policies/Codes have been uploaded in the Website of the Company <https://www.aarviencon.com/policies-of-the-company>.

## 31. COMPLIANCE WITH THE PROVISIONS OF SECRETARIAL STANDARD - 1 (SS-1) AND SECRETARIAL STANDARD - 2 (SS-2)

The Directors have devised proper systems to ensure compliance with the provisions of all applicable

Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively. The company has complied with SS-1 and SS-2.

**32. DISCLOSURE, AS TO WHETHER MAINTENANCE OF COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013, IS REQUIRED BY THE COMPANY AND ACCORDINGLY SUCH ACCOUNTS AND RECORDS ARE MADE AND MAINTAINED :**

The maintenance of Cost Records as specified by the Central Government under sub-section (1) of the Section 148 of the Companies Act, 2013 are not applicable to the Company.

**33. STATUTORY DISCLOSURES**

None of the Directors of your Company are disqualified as per the provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013 and SEBI LODR Regulations 2015. The Company has received a Certificate pursuant to Schedule V(10) (i) of SEBI LODR Amendment Regulations 2018 from Bhatt & Associates Company Secretaries LLP, Mumbai, having certificate of practice no. 7023 stating that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority during the period under review.

The certificate is attached to this Director's Report as Annexure 6.

**34. DECLARATION ON CODE OF CONDUCT**

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 34 read with Part D of Schedule V of the SEBI LODR Regulations, 2015. A declaration signed by Mr. Virendra D. Sanghavi, Managing Director of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2021-22 as set separately in this annual report.

**35. AWARDS**

In F.Y. 2021-22, the Company received an award from Economic Times under the Category of "LEADER OF CHANGE" 2021 and CSR Journal Excellence Award – 2nd Runner up under the category of Health & Sanitation.

**36. INTERNATIONAL STANDARDS**

The Company successfully completed the annual ISO surveillance audit and retained the enterprise-wide ISO certification for ISO 9001:2015 and ISO 45001: 2018.

**37. ANNUAL LISTING FEES TO THE STOCK EXCHANGES**

Aarvi Encon Limited have listed its equity shares on the Main Board of NSE India Limited. The listing fees have duly paid to the exchange and annual custodial fees has been paid to CDSL and NSDL for the F.Y. 2021 -22.

**38. DEPOSITORY SYSTEM**

Your Company's equity shares are in demat form only. The Company has appointed National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) as depositories to the Company.

**39. CAUTIONARY STATEMENT**

The Statements in this Directors' Report and Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company's operations include changes in Government regulations, Tax regimes, economic developments within India and other ancillary factors.

**40. 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**

**Sd/-  
Jaydev V. Sanghavi  
Executive Director  
DIN: 00759042**

**Date: May 26, 2022  
Place: Mumbai**

**ANNEXURE - 1**  
**Form AOC -1**  
**Part “A”: Subsidiaries**

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURE AS PER COMPANIES ACT, 2013

Sr. No.	Particulars	Name of the Subsidiary Company				
		Aarvi Encon FZE		Aarvi Engineering and Consultancy Private Limited	Aarvi Encon Resources Limited	
1	Reporting Currency	(Rs. In Lakhs)	AED	(Rs. In Lakhs)	(Rs. In Lakhs)	GBP
	Exchange rate as on 31.3.2022	-	Balance Sheet 1 AED - Rs. 20.67 Profit and Loss 1 AED - Rs. 20.29	-	-	Balance Sheet 1 GBP - Rs. 99.83 Profit and Loss 1 GBP - Rs. 100.39
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-
2	Equity Share Capital	27.07	150000.00	20.00	0.09	100
3	Reserve and Surplus	1246.91	6136335.00	47.26	-0.17	-194
4	Total Assets	1755.65	8607351.00	69.02	0.34	338
5	Total Liabilities	1755.65	8607351.00	69.02	0.34	338
6	Investments	-	-	35.74	-	-
7	Turnover	1393.76	6867515.00	9.55	-	-
8	Profit Before Tax	-15.38	48444.00	-0.57	-	-
9	Provision for Tax	-	-	0.00	-	-
10	Deferred Tax	-	-	0.00	-	-
11	Profit After Tax	-15.38	48444.00	-0.57	-	-
12	Other Comprehensive Income	46.62	-	-	-	-
13	Total Comprehensive Income	31.24	-	-	-	-
14	Proposed Dividend	-	-	-	-	-
15	% of Shareholding	100%	100%	100%	100%	100%

- Names of subsidiaries which are yet to commence operations : Aarvi Encon Resources Limited and Aarvi Encon LLC, subsidiary of Aarvi Encon FZE, considered as a step down Subsidiary of Aarvi Encon Ltd.

Apart from these no other JV/ WOS is yet to start its operations.

Apart from this, no other subsidiaries are yet to commence its business.

- Names of subsidiaries which have been liquidated or sold during the year: There were no Subsidiaries which have been liquidated or sold during the year.
- Aarvi Encon FZE, AED column is on Standalone basis.

## Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to  
Associate Companies and Joint Ventures:

Name of Associates/Joint Ventures	Aarvi Encon Staffing Services W.L.L
1. Latest audited Balance Sheet Date	-
2. Shares of Associate/Joint Ventures held by the company on the year end	
No. of Shares	98 Shares
Amount of Investment in Associates/Joint Venture	98,000 Qatari Riyals
Extend of Holding %	49

Name of Associates/Joint Ventures	Aarvi Encon Staffing Services W.L.L
3. Description of how there is significant influence	Aarvi Encon Holds 49% Stake.
4. Reason why the associate/joint venture is not consolidated	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet	(8.05) Lakhs
6. Profit / (Loss for the year)	
i. Considered in Consolidation	(8.05) Lakhs
i. Not Considered in Consolidation	-

1. Aarvi Encon Staffing Services W.L.L, Associate Company of Aarvi Encon Limited incorporated on January 24, 2022 and is yet to commence operations.
2. None of the joint ventures which have been liquidated or sold during the year.

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

Firm Registration No. 100577W

Chartered Accountants

Sd/-

**Arvind H. Shah**

Proprietor

M.No. 031224

Place : Mumbai

Date : 26th May, 2022

**Virendra D. Sanghavi**

Sd/-

Managing Director

DIN:00759176

Sd/-

**Leela S. Bisht**

Company Secretary & Compliance Officer

Membership No. ACS 59748

Place : Mumbai

Date : 26th May, 2022

**Jaydev V. Sanghavi**

Sd/-

Executive Director & CFO

DIN:00759042

## ANNEXURE – 2

### Form No. AOC-2

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

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

**1. Details of contracts or arrangement or transactions 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 2021-22. 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:**

The company does not have any material contract or arrangement or transactions at arm's length basis during FY 2021-22.

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

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

**Sd/-  
Jaydev V. Sanghavi  
Executive Director  
DIN: 00759042**

**Date: May 26, 2022  
Place: Mumbai**



## ANNEXURE 3

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY FOR FY 2021 -22

## 1. A brief outline on CSR policy of the Company:

The Company shall decide to undertake any of the CSR activities/ projects as enumerated in Schedule VII of the Companies Act, 2013 or such other CSR activities/ projects as may be notified by Ministry of Corporate Affairs from time to time.

## 2. Composition of CSR Committee:

Sl. No.	Name of the Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Virendra D. Sanghavi	Chairperson	2	2
2	Mrs. Sonal N. Doshi	Member	2	2
3	Mrs. Padma Devarajan	Member	2	1
4	Mr. Sharad S. Sanghi	Member	2	1

## 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

The Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board is available on the website of the Company at the following links: <https://www.aarviencon.com/policies-of-the-company>.

## 4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable

## 5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: INR 9,53,063 /-

## 6. Average net profit of the Company as per Section 135(5): (In INR)

Particulars	31-Mar-21	31-Mar-20	31-Mar-19
Profit under section 198	8,79,51,060/-	3,49,94,928/-	7,20,32,616/-

**Average net profit:** INR 6,49,92,868/-

7. (a) Two percent of the average net profit of the Company as per Section 135 (5) : **INR 12,99,857 /-**  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- **NIL**  
 (c) Amount required to be set off for the financial year, if any- **INR 9,53,063 /-**  
 (d) Total CSR obligation for the financial year (7a+7b-7c). – **INR 3,46,794 /-**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.): NIL				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
INR 9,33,082/-	N.A	N.A	N.A	N.A	N.A

(b) Details of CSR Amount spent against **ongoing projects** for the Financial Year: **Not applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)
Sr. No	Name of the Project or Activity identified	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).
				state	District		
	(8)	(9)	(10)	(11)			
	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency			
				Name	CSR Registration number.		

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in INR)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
				State.	District			Name
								CSR Registration No.
1.	Education for all.	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Mumbai	Maharashtra	3,11,000	Yes	Shri J.H.V.S. Jain Charitable Trust
								CSR00012305

2.	Hunger Eradication Camp	Eradicating hunger, poverty and malnutrition, 2["promoting health care including preventive health care"] and sanitation 4[including contribution to the Swacch Bharat Kosh setup by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Mumbai	Maharashtra	4,09,905	Yes	Bombay South Rotary Charitable Trust
								CSR00010372
3.	OPD Camp	Eradicating hunger, poverty and malnutrition, 2["promoting health care including preventive health care"] and sanitation 4[including contribution to the Swacch Bharat Kosh setup by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Mumbai	Maharashtra	2,12,177	Yes	Saifee Hospital Trust
								CSR00023514
<b>TOTAL</b>						<b>9,33,082</b>		

(d) Amount spent in Administrative Overheads - **Not Applicable**

(e) Amount spent on Impact Assessment, if applicable - **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - **INR 9,33,082 /-**

(g) Excess amount for set off, if any: **INR 5,86,288/-**

Sl. No.	Particular	Amount (in INR)
(i)	Two percent of average net profit of the company as per section 135(5)	12,99,857
(ii)	Total amount spent for the Financial Year	9,33,082
(iii)	Excess amount spent for the financial year [(ii)-(i)]	5,86,288
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	9,53,063
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	5,86,288

**9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL**

Sl No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer	
1.	2020-21	-	-	-	-	-	-
2.	2019-20	-	-	-	-	-	-
3.	2018-19	-	-	-	-	-	-
	<b>Total</b>	-	-	-	-	-	-

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Nil

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed / Ongoing.
1.	Not Applicable as the Company did not have any ongoing projects for fulfillment of its CSR obligation							
2.								
	<b>Total</b>							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details): **Not Applicable**

- (a) Date of creation or acquisition of the capital asset(s) – **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). : **NIL**

**For Aarvi Encon Limited**

Sd/-  
**Mr. Virendra D. Sanghavi**  
 Chairman of the CSR Committee  
 DIN: 00759176

Sd/-  
**Mrs. Padma V. Devarajan**  
 Member of CSR Committee  
 DIN: 08064987

**Date: May 26, 2022**

**Place: Mumbai**

**ANNEXURE 4**  
**Form No. MR - 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

[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.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice 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 our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2022, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. There was no External Commercial Borrowings during the year under review;
- 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;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not Applicable;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and erstwhile the SEBI (Share Based Employee Benefits) Regulations 2014 - Not Applicable;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and erstwhile the SEBI (Issue and Listing of Debt Securities) Regulations 2008 - Not Applicable;
  - 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 - Not applicable;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - Not applicable; and
  - h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 - Not applicable.
- vi. Taking into consideration, business activities of the Company and confirmation received from the Management, there are no specific regulator / law whose approval is required for undertaking business operations of the Company and hence no comment is given in respect of the same. We have in-principally verified existing systems and mechanism which is followed by the Company to ensure compliance of other applicable laws and have relied on



the representation made by the Company and its Officers in respect of aforesaid systems and mechanism for compliances of other applicable acts, laws and regulations and found the satisfactory operation of the same.

Further, as a precautionary measure against “COVID 2019”, the audit process has been modified, wherein documents /records etc. were verified in electronic mode, and have relied on the representations received from the Company for its accuracy and authenticity.

We have also examined compliances with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations, 2015), the Company has complied with the provisions of the Regulation except there was delay in submission of Outcome of Board meeting held on 03.06.2021 under regulation 30 read with Para A Part A of Schedule III SEBI Listing Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except below:

Company has declared Interim Dividend on November 12, 2021 wherein the record date for the same was November 23, 2021, Considering the provision of TDS, the Company had deposited 99.22% of the Total Dividend within 5 days and remaining difference was deposited after the record date which was later than five days from the date of declaration of such dividend under section 123 of the Companies Act, 2013.

We 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. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance including shorter notice 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views were expressed.

We have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has following specific event / action having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz:

- (i) Appointment of Ms. Leela Bisht as Company Secretary and Compliance Officer;
- (ii) Declaration of Final Dividend for the Financial Year 2020-21;
- (iii) Adoption and review of various policies;
- (iv) Incorporation of Wholly Owned Subsidiary / Joint Venture in Qatar;
- (v) Declaration of Interim Dividend;
- (vi) Adoption of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information under SEBI (Prohibition of Insider Trading) Regulation, 2015.

**For Bhatt & Associates Company Secretaries LLP**

**Aashish K. Bhatt**  
**Designated Partner**

**Place: Mumbai**  
**Date: 26.05.2022**

**ACS No.: 19639 COP No.: 7023**  
**UDIN: A019639D000391582**

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report:

**APPENDIX A**

To,  
The Members  
**Aarvi Encon Limited**

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

1. Maintenance of secretarial record 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. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**For Bhatt & Associates Company Secretaries LLP**

**Place: Mumbai**  
**Date: 26.05.2022**

**Aashish K. Bhatt**  
**Designated Partner**  
**ACS No.: 19639 COP No.: 7023**  
**UDIN: A019639D000391582**

**ANNEXURE 5**  
**SECRETARIAL COMPLIANCE REPORT OF**  
**AARVI ENCON LIMITED**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

[Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated 08<sup>th</sup> February, 2019]

To,  
**Aarvi Encon Limited,**  
 603, B1 Wing, Marathon Innova,  
 Marathon Nextgen Complex,  
 Lower Parel (W), Mumbai – 400013.

We have examined:

- a. all the documents and records made available to us and explanation provided by **Aarvi Encon Limited (“the listed entity”)**,
- b. the filings / submissions made by the listed entity to the stock exchanges,
- c. website of the listed entity,
- d. any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended 31<sup>st</sup> March, 2022 (“Review Period”) in respect of compliance with the provisions of:
  - a) The Securities and Exchange Board of India Act, 1992 (“SEBI Act”) and the Regulations, circulars, guidelines issued thereunder; and
  - b) The Securities Contracts (Regulation) Act, 1956 (“SCRA”), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India (“SEBI”);

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulation);
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – Not Applicable;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – Not Applicable;
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and erstwhile the SEBI (Share Based Employee Benefits) Regulations 2014 – Not Applicable;
- f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and erstwhile the SEBI (Issue and Listing of Debt Securities) Regulations 2008 – Not Applicable;
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder and based on the above examination, I hereby report that, during the Review Period:
  - a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

<b>Bhatt &amp; Associates Sr. No.</b>	<b>Compliance Requirement (Regulations/ circulars / guidelines including specific clause)</b>	<b>Deviations</b>	<b>Observations/ Remarks of the Practicing Company Secretary</b>
1.	As per regulation 30 of SEBI Listing Regulation read with Para A Part A of Schedule III, Outcome of meeting of Board of Directors in which Financial Results have been approved are to be disclosed to Stock Exchange within 30 minutes of the closure of meeting.		Delay in submission of Outcome of Board meeting held on 03.06.2021 during the period under review

- b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.
- c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

<b>Sr. No.</b>	<b>Action taken by</b>	<b>Details of violation</b>	<b>Details of action taken E.g. fines, warning letter, debarment, etc.</b>	<b>Observations/ remarks of the Practicing Company Secretary, if any.</b>
	Nil	Nil	Nil	Nil

- d) The listed entity has taken the following actions to comply with the observations made in previous reports:

<b>Sr. No.</b>	<b>Observations of the Practicing Company Secretary in the previous reports</b>	<b>Observations made in the secretarial compliance report for the year ended...</b>  (The years are to be mentioned)	<b>Actions taken by the listed entity, if any</b>	<b>Comments of the Practicing Company Secretary on the actions taken by the listed entity</b>
Necessary actions were taken by Company w.r.t. observations in previous reports				

Further, as a precautionary measure against "COVID 2019", the audit process has been modified, wherein certain documents/records etc. were verified in electronic mode and have relied on the representations received from the Company for its accuracy and authenticity.

**For Bhatt & Associates Company Secretaries LLP**

**Place: Mumbai**  
**Date: 14.05.2022**

**Sd/-**  
**Aashish K. Bhatt**  
**Designated Partner**  
**ACS No.: 19639**  
**UDIN: A019639D000322304**

## ANNEXURE 6

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members,**  
**Aarvi Encon Limited,**  
 603, B1 Wing, Marathon Innova,  
 Marathon Nextgen Complex,  
 Lower Parel (W), Mumbai - 400013.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Aarvi Encon Limited having CIN L29290MH1987PLC045499 and having registered office at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W) Mumbai - 400013 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Directors	DIN	Date of appointment in Company
1.	Virendra Sanghavi	00759176	03.12.1987
2.	Jaydev Sanghavi	00759042	09.11.2005
3.	Devendra Shrimanker	00385083	03.06.2017
4.	Sonal Doshi	06672497	03.06.2017
5.	Padma Devarajan	08064987	01.02.2018
6.	Sharad Sanghi	00265977	30.06.2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Bhatt & Associates Company Secretaries LLP**

**Place: Mumbai**  
**Date: 26.05.2022**

**Sd/-**  
**Aashish K. Bhatt**  
**Designated Partner**  
**Membership No.: 19639**  
**UDIN: A019639D000391604**



# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Management Discussion & Analysis

### Global Economy Overview

The human race is facing possibly one of the worst global crises of the 21st century. The war in Ukraine has triggered a costly humanitarian crisis. The economic damage from the conflict will contribute to a significant slowdown in global growth in 2022 and added to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. The Covid-19 pandemic has also had an adverse impact on the global economy. Millions of enterprises have been facing an existential threat with a large section of world's workforce at the risk of losing their livelihoods. Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January. Beyond 2023, global growth is forecasted to decline to about 3.3 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies 1.8 and 2.8 percentage points higher than projected last January. Multilateral efforts to respond to the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, tackle climate change, and end the pandemic is Essential.

### Indian Economy Overview

India has emerged as the world's fastest-growing major economy and it is predicted to be one of the top three economic powers in the coming 10-15 years, owing to its robust democracy and strong partnerships. According to Advance estimates, the Indian economy would expand by 9.2% in 2021-22 after the decline in 2020-21. This indicates that overall economic activity has surpassed the pre-pandemic stress. With the vaccination program having reached the majority of the population, economic momentum resuming, and the long-term advantages of supply-side reforms in the works, the Indian economy is poised to grow at great pace. According to IMF's World Economic Outlook (October 2021 edition), India's nominal GDP, measured in nominal USD market exchange rate is estimated at USD 3,515 Bn in 2023 (FY24), accounting for 3.3% of global GDP and making it the sixth largest economy in the world; when measured in purchasing power parity (PPP) terms, India is estimated to be the third largest economy at PPP USD 12,387 Bn in 2023.

FY23 is expected to be the first normal year after the onslaught of COVID-19 which virtually will completely eliminate meaningful increase in economic output during the two-year period covering FY21. India's per capita nominal GDP is estimated to grow by 16% in FY22 to INR 1,69,5743 (USD 2,282.34) after suffering a contraction of 2.4% in FY21.

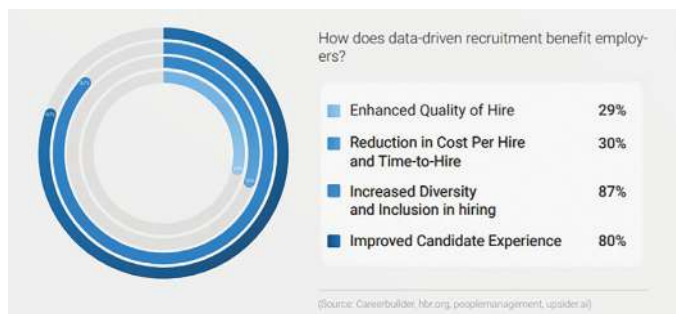
### Global staffing

Global Recruitment and Staffing Market Size was valued at USD 98.5 Billion in 2017 and was expected to reach USD 181.95 Billion by 2024 with a CAGR of 8.9% by 2024 during the forecasted period 2018-2024. The recruitment and staffing market is having a constant growth rate from the past decade and is esteemed to have the fastest growth in the forecasted period. Staffing/recruiting sales are extremely correlated with the gross domestic product (GDP). As GDP expands, so does the recruiting market. The market is trending with the rise in foreign-born workers, rising staffing index, VMS & MSO usage, new business environment, great demand for skilled and professional craftsmen and stimulating job opportunities and hires. However, the market growth will be limited by the decline in labor force participation, aging workforce and shrinking number of unemployed per job openings. On average, the budget of staffing agencies is anticipated to grow by 53% (LinkedIn). A big part of this budget will be designated for branding, and sourcing and recruitment tools. In order to come upon capital in the competition for talent, agencies are anticipated to invest in candidate experience and personalize contact with competitors. When it comes to increasing their overall competitive power, companies are advised to invest in tools that help scale up a business without increasing the team and automate all time-consuming tasks. According to the LinkedIn Global Staffing Trends 2018 Report, industry leaders think that candidate CRM tools, innovative interviewing tools, and big data are the top three technological bearings that will shape the staffing and recruitment industry in the following few years.

### Recruitment Trends Predicted for 2022:

The recruitment trends that started emerging at the beginning of the pandemic could be predicted by no one. The world took a massive shift in hiring trends and practises in the Talent Acquisition industry since the onset of the pandemic. The labour market has been tighter than ever, hence, recruiters and employers need to focus all their attention on the upcoming trends and practices predicted for the year 2022.

## Growth of Data-Driven Recruiting



## Indian Staffing

It is observed that despite COVID-19's horrible impact on business around the world. The organized staffing business in India has continued to expand at a rapid pace. According to a survey, the Indian staffing business grew by 3.6% in fiscal year 2020-21, owing to a comeback in the fourth quarter of the previous fiscal year. According to the report, post-pandemic flexi-employment market trends have influenced women, young, and high-skilled employees in a good way. It is also noted that regardless of the pandemic situation, temporary staffing grew in the IT, E-commerce, Logistics and Manufacturing sectors. Flexi Staffing is a growing trend in the Indian job economy. Around 72% of Flexi workers want to keep working as same, and 85% of Flexi workers are happy with their current situation. According to the Flexi Staffing Employment Research Report "Annual Flexi Staffing Employment Trends: 2021," there was a 31% growth in Flexi work in India in 2021 relative to other types of employment. As the new WFH and hybrid modes gain mainstream popularity. Flexi employee's willingness to continue to work in a temp arrangement has increased significantly in comparison to past years, the rate of flexi workers has increased from 8% in 2020 to 14% in 2021.

## Women's participation in temporary employment was higher:

Women's engagement in temp staffing increased by 6% under Covid, while men's participation decreased by 4%, owing to the new work arrangement allowing the majority of women to come back to work while also exploring a second career.

## Youth Employment in temporary positions is increasing actively:

In India, an average of 4% of students have joined flexi jobs during the final year. It was observed that there were 21% more flexi employees with higher education and 11% with better skills in the year 2021 than in 2020. Nearly 70% of temp worker profiles were graduates and above,

owing to the increased need for skill sets in the IT and ITES sectors in 2021. The rising use and desire for digital services around the world fueled this need.

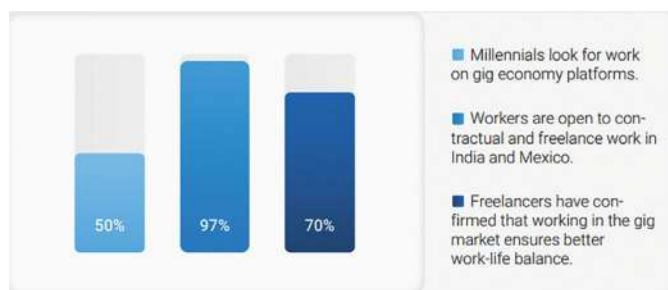
The Future of Work Report 2022 by Monster India, shows that 93% of employers are planning to hire throughout 2022, which is 11% higher than 2021. Hiring employees on contract or gig works is a fiscally responsible solution in times of an ever-changing dynamic economy. Contract staffing is a smart option for organizations to receive help with current staffing needs without worrying about future staffing capacity. Contractual workers have proven advantages for both employees and businesses. Employees gain more flexibility and access to work while businesses save money, increase production, and reap the benefits of on-demand hiring. The organized staffing market in India is growing beyond traditional skills, positions, industries, and is now taking center stage in a variety of sector

## Gig Workers

It is estimated that in 2020-21, 77 lakh (7.7 million) workers were engaged in the gig economy. They constituted 2.6% of the nonagricultural workforce or 1.5% of the total workforce in India. The gig workforce is expected to expand to 2.35 crore (23.5 million) workers by 2029-30.

Along with the gig workforce's considerable growth in recent years; existing gig workers, non-gig workers and even the unemployed have a positive outlook toward gig work. Among non-gig workers, willingness to take up gig work increases significantly with skill type. Forty percent of skilled workers indicate their willingness to take up gig work in future, driven by the prospect of earning higher incomes as compared to their current job.

## What is leading to the rise of the on-demand workforce?

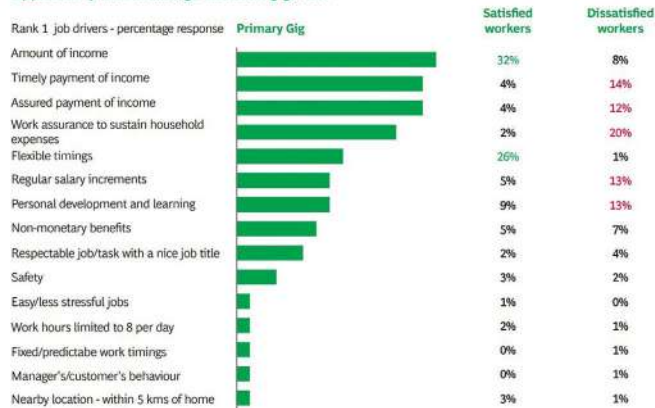


## Challenges faced by gig workers

Lack of job security, irregularity of wages, and uncertain employment status for workers are significant challenges in the gig and platform sector. The uncertainty associated with regularity in the available work and income may lead

to increased stress and pressure for workers. Platform workers are termed as “independent contractors”. As a result, platform workers cannot access many of the workplace protections and entitlements

#### Opportunity and challenge areas for gig work



Source: Gig Quantitative Survey (N=3857); BCG analysis.

## Benefits/ Advantages

### Cost-Effective HR

To set up an entire team requires time, money, and resources. In case you have a brief project coming up and require specific skill sets to get the work done, you can opt for Manpower Outsourcing services to get your work done and save lots of money at the same time. A lot of companies outsource their HR services as well to get a skilled, professional system aligned within the company without spending a considerable share of their income to establish an in-house HR team.

### Enables business to adjust more easily and quickly to workload fluctuations

Temporary help agencies can quickly provide business with qualified staff. Some common reasons companies hire alone. Along projects, seasonal and peak demand, employee shortages.

### Maintains staffing flexibility

With the popularity and staying power of flexible work arrangements, employers need to stay current with the needs of today's work force. Hiring temps is just one of the ways that businesses can offer flexibility and at the same time better meet their own needs.

### Let's business evaluate a worker without commitment

Based on one's evaluation or preferences, one can employ a temp for a designated short-term position or, if desired, offer a full-time position to a worker who suits one's business. Some businesses employ temporary

workers as an excellent and cost-efficient way to recruit and test the abilities of new workers before signing them on full-time.

### Can save time and money

The cost of hiring temp workers is often cheaper than the cost of hiring permanent employees with benefits. In the short term, it's generally more cost-efficient to hire a temp. When you employ an agency, it becomes the temp worker's employer. The agency is responsible for and bears the financial burden of recruiting, screening, testing, and hiring workers; payroll expenses and paperwork; payroll and withholding taxes; unemployment and workers' compensation insurance; and any employee benefits they may wish to provide.

## Challenges

### 1. Recruitment Has Become More Digital

Even for staffing firms that have adapted to the digital environment, the core of their work lies in relationships. Recruiters rely on their ability to build relationships with clients and candidates to succeed. Building these relationships can be difficult in an online environment.

Staffing firms often use LinkedIn, online conferences, online advertising and webinars to connect and land more clients. Online relationship building requires more planning and preparation, but it also allows staffing firms to meet more prospective clients at one time.

### 2. Dearth of quality talent

According to McKinsey, 76% of hiring managers say 'attracting top talent' is their greatest challenge. This comes as no surprise, given the widespread dearth of talented candidates as skills-gap across industries continues to rise. But that's not the only reason. Often, organizations are not very clear about what they are actually looking for and worse, they assume that the candidates actively seeking a change via job boards are the only ones out there. In reality, 80% of the job board talent pool does not represent top talent because star performers do not use these avenues. Their work, recommendations, and networking usually do the trick for them in landing the perfect next role, especially in the contract staffing and freelancing segments. Another key reason firms often fail to attract top talent is that they start looking for candidates only when they have a vacant position. The failure to ditch this reactive recruitment mindset and adopt a proactive talent strategy means firms lose out on time required to attract top-of-the-line candidates through meaningful relationships, networking, employer brand building, etc.

### 3. Expectation gap between recruiters and hiring managers:

This is one of the biggest factors that leads to long lead times in filling open positions in most modern organizations. 51% recruiters say hiring managers should do a better job of communicating what they are looking for in a candidate and provide relatable examples, while on the other hand, 77% of hiring managers feel recruiters' screening of candidates is inadequate. That's not all. While recruiters feel hiring managers expect them to fill open positions at an unrealistic pace, the latter feel recruiters should proactively work to build a talent pipeline that can fill open positions when required, without having to start from scratch each time. Detailed, long-term planning on the desired skill sets and headcount acquisitions with involvement from all stakeholders – line managers and function heads alike, will go a long way in reducing this friction.

#### Demographic trend

Demographic trends mainly affect the staffing market that increases as the labor force supply increases. A shift in demographic transition can become a circumstance in dampening economic expansion and GDP increase, which in turn would cause a deterioration in the recruitment market.

#### Remote work

In order to continue working during the pandemic, many employees across the world have shifted to work-from-home setups. When it comes to the staffing industry, working remotely presents its own specific challenges, both for agencies and their clients. Given that the staffing industry is all about finding candidates to match and fill empty job vacancies, it's important to think about how the hiring process has changed during the shift to remote work. Everything about it is different — remote interviews present challenges in logistics, technology, and time zone differences, among other challenges. Hiring remotely also means that there's generally a wider pool of candidates available for job vacancies, so staffing agencies will need to think more carefully about who is the right fit for the job. And once hiring is over, the remote onboarding process also presents unique challenges for new or prospective employees. New employees may struggle with a lack of in-person introductions, virtual meetings, and getting to know the entire team and its dynamic from a remote setting. One of the ways staffing agencies and their customers can prepare themselves to face the challenges of remote work in the future is to continue investing in the latest

staffing agency software that makes working remotely just as easy as working in an office.

#### Future Outlook: Staffing Industry

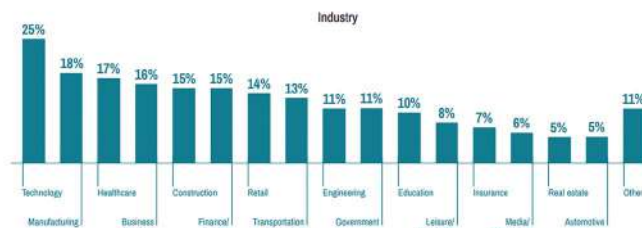
Hiring activity is expected to see 31% growth across seven key sectors - automotive, BFSI, global in-house centers, heavy engineering and manufacturing, internet businesses, information technology, and pharmaceuticals – this year, according to the third annual Decoding Jobs Industry Sectoral Reports 2022 by digital recruitment platform

According to the report, the top three sectors that are expected to ramp up hiring in 2022 are automobile, IT/ITes and internet businesses. Hiring activity across global in-house centers in India is expected to post 31% growth in 2022 as compared to 27% growth in 2021.

The report also said that in 2022, professionals in the 1–5-year experience range are expected to experience a surge in demand across industries, followed by freshers. More than half (56%) new hires in 2022 are expected to be early career professionals (0-5 years of experience)

Interestingly, nearly half of the new hires (47%) are expected to be from non-tier 1 cities. Gig workers are expected to make up 9% of the workforce in 2022 up from 8% in 2021.

#### Global staffing demographics for 2022



#### TECHNICAL STAFFING

India understands the demands of the present industry and the high expectations that companies have for their workforce. On a project-by-project or short-term basis, staff on deputation is provided to corporations, industrial segments, and other engineering companies.

Every business entity, from multinational conglomerates to small and medium-sized enterprises, realizes the benefits of outsourcing. Companies desire to keep focused on their primary business activity and outsource support services to save time and energy in the face of ever-increasing business demands. They seek to cut costs and increase employee productivity to stay competitive. Manpower Outsourcing accomplishes both of these goals.



The company database has about 8,00,000 plus trained and experienced engineers in sectors such as project management, construction, planning, safety, quality assurance/quality control, procurement, inspection, testing, and commissioning.

Aarvi's overall outsourcing continues to gain traction. Temporary workforce solutions make recruitment and replacement easier. Flexi-outsourcing benefits both employees and employers because it allows organizations to hire on a need-to-know basis rather than on a permanent basis. Aarvi is on the verge of seeing more growth as a result of changing industry dynamics and rising penetration of flexi-outsourcing in India and abroad.

### OPERATION AND MAINTENANCE SERVICE

Industrial Operation and Maintenance services forms a non-core activity for power, steel and cement plants. To improve equipment uptime, reduce maintenance cost and increase operational excellence, companies are outsourcing O&M activities. With growth in infrastructure and capacity addition of plants, the O&M industry is expected to significantly benefit from the same.

The company knows the unique needs and problems of the numerous industries for which it has provided labor, it has become the preferred partner for O&M services for many of its clients. Among the companies that use the company's O&M services are HPCL, GSPC, Cairn, and GSPL, to name a few

### COMPANY OVERVIEW

Aarvi Encon, a leading Technical Manpower Supply company, provides permanent and temporary manpower services in a variety of industries. It has been providing industrial solutions to the organized sector for over 34 years. Aarvi adds value to various verticals by providing technical staffing solutions and qualified engineers in areas such as electrical-instrumentation services, erection & commissioning, operation & maintenance, instrument calibration, plant shutdown, equipment services & support for O&Ms, airport maintenance, and so on.

Aarvi is one of the most well-known workforce outsourcing firms, providing temporary staffing to a wide range of industries, including EPC firms, power plants, oil and gas refineries, chemicals and petrochemicals, construction, infrastructure projects, renewable energy, and so on.

The company has added O&M services to its service offering. O&M activities currently account for 37.88 percent of our revenue. Aarvi Encon has become the preferred partner for O&M services during the previous five years.

It has successfully expanded its operations internationally by leveraging its track record in India, and has provided a wide range of engineering services on various international projects, particularly in the UAE and Saudi Arabia, to prestigious clients such as Larsen & Turbo Limited, Tecinmont, Reliance Industries Limited, Indian Oil, Cairn, HMEL, and others.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has in place adequate Internal Financial Controls with reference to financial statements and such internal financial controls are operating effectively. Your company has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of reliable financial statements. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control systems of the company, its compliance with applicable laws/ regulations, accounting procedures and policies. Based on the report of the Internal Auditors, corrective actions were undertaken and controls were thereby strengthened. Significant audit observations and action plans are presented to the Audit Committee of the Board.

### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

#### Standalone Performance

- Revenue from operations at Rs. 27451.40 Lakhs against Rs. 18,965.57 Lakhs of previous year which is upward increase by 44.74% year on year, reflecting good results in key markets and segments.
- The Net profit after tax for the year grew by 42.22% to Rs. 1230.94 Lakhs from Rs. 865.47 Lakhs.
- The Working capital (Net current assets) increased by Rs. 106.02 Lakhs i.e. from Rs. 3913.99 Lakhs to Rs. 4,020.01 Lakhs.



### Significant changes in key financial ratios as compared to the previous year:

PARTICULARS	FY 2021-22	FY 2020-21
Debtors turnover (days)	92.06	93.76
Interest Coverage Ratio	17.95	16.03
Current Ratio	1.85	2.22
Debt : Equity Ratio	0.08	0.05
Operating profit margin (%)	4.78	4.79
Net profit margin (%)	4.48	4.56
Return on Net worth (%)	14.82	11.90

### Consolidated Performance

a. Revenue from operations at Rs. 28,854.71 Lakhs as against Rs. 20,178.56 Lakhs of previous year shows the increase in revenue by 43% than the previous year.

b. The Net profit after tax for the year grew by 15.36% to Rs. 1,206.74 Lakhs from Rs. 1,046.02 Lakhs.

c. The Working capital (Net current assets) increased by Rs. 126.39 Lakhs i.e. from Rs. 5062.63 Lakhs to Rs. 5,189.02 Lakhs.

### Significant changes in key financial ratios as compared to the previous year:

PARTICULARS	FY 2021-22	FY 2020-21
Debtors turnover (days)	102.48	96.64
Interest Coverage Ratio	17.61	19.19
Current Ratio	1.99	2.51
Debt : Equity Ratio	0.07	0.04
Operating profit margin (%)	4.46	5.39
Net profit margin (%)	4.18	5.18
Return on Net worth	12.70	12.23

### Material Developments in Human Resources / Industrial Relations Front, Including Number of People Employed

The Company believes that Human Resources are its key assets. The total number of employees and consultant

of the Company is 5541. The Company's HR policy focuses on developing the skill and competencies of all the employees, facilitating team work and total employee involvement, providing a happy work environment to the employees and support to their families and remaining a socially responsible Company contributing to the society.

Learning is given the utmost importance in the Company. Training programs focus on improving employees' current skills and competencies as well as developing them for their future roles as part of their career development. The Company ensures overall development of every employee and all inputs are provided to reach the expert level of their skill and competency.

In the Company, HR processes are aligned to make employees feel that they are a part of the Company family. The Company creates the platform for employees to voice their opinion and make suggestions to improve the working environment. The Company maintains regular communication with employees to make them feel connected with the Company and perform their jobs most effectively.

The Company focuses on inculcating the habit of continuous improvement and motivating employees to participate in improvement activities for the organisation. The Company continues to maintain its record of industrial harmony.

### CAUTIONARY STATEMENT:

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could influence the Company's operations, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labour relations, foreign currency fluctuations and interest costs.

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:

The Corporate Governance philosophy of the Company ensures transparency in all dealings and in the functioning of the management and the Board. It is concerned with adoption of transparent procedures and techniques. 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.

Corporate Governance can be defined as an approach in which the corporations are managed in an ethical, accountable, transparent and fair way, with the blend of both legal and management practices, to imbed the same in the decision making process of a company, and to communicate the same accurately and timely, in such a way that both stakeholders expectations and legal standards are not only met, but the corporations try to exceed them. The Company satisfy the spirit of the law and not just the letter of law by also being transparent and maintains a high degree of disclosure levels.

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, the Company has 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 India is committed in development of neighboring society and country. We are engaged into Corporate Philanthropic activities towards various charitable institutions for welfare of people in need. We have, through various clubs / Trusts, provided computers, laptops and books in

various schools as a part of our Social Responsibility.

The Board views Corporate Governance in its widest sense. The main objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness and to develop capabilities to attain the goal of value creation. The Board of Directors fully supports and endorses Corporate Governance practices as enunciated in the various Regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI LODR Regulations 2015"), as applicable to the Company from time to time.

## 2. BOARD OF DIRECTORS

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and involved in the Company and that there are ongoing efforts towards better Corporate Governance to mitigate "Non business" risks. The Board of Directors along with its committees provides leadership and guidance to the management and directs and supervises the performance of the Company, thereby enhancing shareholders value. The Company's business is conducted by its employees under the overall supervision of the Board.

### (a) Composition and Size of Board

The Board is headed by an Executive Chairman and has an optimum combination of Executive and Non-Executive Directors including Independent Directors and is in conformity with the requirement of Regulation 17 of the SEBI (LODR) Regulations, 2015.

As on date of this Report, the Board consists of 6 (Six) Directors comprising of 1 (One) Managing Director (Executive), 1 (One) Whole Time Director (Executive) and 4 (Four) Non-Executive Independent Directors including 2 (Two) Independent Woman Director. All of the 4 (Four) Independent Directors of the Company are free from any business or other relationship that could materially influence their judgment. All the Independent Directors satisfy the criteria of independence as defined under Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 and Section 149(6) of the Companies Act, 2013.

Name the Director	Category	No. of Board Meeting attended	Attendance at last AGM	^ No. of Companies in which directorships is held		^^ No. of committee position held in Public Companies		Name of other listed entities where the Directors of the Company are Director and the category of their Directorship	
				Public	Private	Membership	Chairmanship	Other Listed Entity	Category
Mr. Virendra Sanghavi	Promoter, Executive	5	Yes	1	1	0	0	-	-
Mr. Jaydev Sanghavi	Promoter, Executive	5	Yes	1	3	2	0	-	-
Mr. Devendra Shrimanker	Independent, Non - Executive	5	Yes	3	1	5	3	1.Citadel Realty And Developers Limited 2.Pentokey Organy (India) Limited	Independent, Non – Executive Independent, Non – Executive
Mrs. Sonal Doshi	Independent, Non - Executive	5	Yes	1	1	2	1	-	-
Mrs. Padma Devarajan	Independent, Non – Executive	4	Yes	1	0	1	0	-	-
Mr. Sharad Sanghi	Independent, Non - Executive	2	No	1	7	0	0	-	-

^ Excluding Directorship on the Board Foreign Companies, and Alternate Directorship, Companies which are struck off / is in the process of striking off.

^^ Includes only Audit Committees and Stakeholders Relationship Committees in all public limited companies including Aarvi Encon Limited.

**(b) Composition, Category, Details of Board Meetings and their attendance at Board Meetings and last Annual General Meeting (AGM)**

The Board met Five (5) times during the year on June 3, 2021, August 13, 2021, October 21, 2021 November 12, 2021 and February 14, 2022. As per Regulation 17(2) of the Listing Regulations and the Secretarial Standard – 1 on Board Meeting issued by the Institute of Company Secretaries of India. The necessary quorum was present for all the meetings. The names and categories of the Directors on the Board, their attendance at board meetings and Annual General Meeting held during the year and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2022 are given herein below:

**Note:**

1. The Board Meetings generally used to be held at the Registered Office of the Company at B1-603,

Marathon Innova, Marathon NextGen, Lower Parel (W), Mumbai - 400013. But due to the spread of Covid-19 pandemic in entire nation and considering the safety towards the Members of the Board and the society, the Meetings of the Company were conducted through Video Conferencing / Other Audio Visual Means.

2. In addition to other items discussed at the Board Meeting, the Company Secretary ensured compliance of regular items placed before the Board in terms of Regulation 17(7) of the SEBI (LODR) Regulations, 2015 and Section 179 of the Companies Act, 2013 read with Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014.
3. None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies.

Further, as mandated by Regulation 26 of Listing Regulations, none of the Director acts as a member of more than 10 committees or acts as a Chairperson

of more than 5 committees across all Public Limited Companies.

**Relationships between Directors inter-se:** Mr. Virendra D. Sanghavi is a father of Mr. Jaydev V. Sanghavi. None of the other Directors except as aforementioned are related to each other.

**Shareholding of Non - Executive Independent Directors as on March 31, 2022:** None of the Non-Executive Independent Directors holds Equity Shares of the Company.

### (c) **Role of Independent Directors**

Independent directors play a key role in the decision making process of the Board as they approve the overall strategy of the Company and oversee performance of the management. The Independent Directors are committed to act in the best interest of the Company and its stakeholders. The Independent Directors are professionals, with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields. This wide knowledge of their fields of expertise as well as the boardroom practices helps foster varied, unbiased, independent and experienced perspective. The Company benefits immensely from their inputs in achieving its strategic direction.

#### **Separate Meeting of Independent Directors:**

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on March 29, 2022. All Independent Directors were present at the meeting with no presence of Non-Independent Directors and Members of the Management for transacting following agenda:

- (I) Review the performance of Non-Independent Directors and the Board as a whole;

- (ii) Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

- (iii) Assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

#### • **Familiarization Programme for Independent Directors:**

All the Independent Directors inducted on the Board are given an orientation program about Company's business model, group structure, organization structure and such other areas. These programs also intends to improve awareness of the Independent Directors on their roles, rights, responsibilities towards the Company to enable them to make effective contribution and discharge their functions effectively, as a Board Member. The details on the Company's methodology of the Familiarization Program for IDs can be accessed at: <https://www.aarviencon.com/policies-of-the-company>.

The Directors of the Company are from diverse fields and have expertise and long standing experience and expert knowledge in their respective fields which are relevant and of considerable value for the Company's business growth. The Core Skills / Expertise / Competencies required in the Board in the context of the Company's Business and sectors functioning effectively as identified by the Board of Directors of the Company as tabulated below:

<b>Core Skills / Expertise / Competencies</b>	<b>Mr. Virendra Sanghavi</b>	<b>Mr. Jaydev Sanghavi</b>	<b>Mr. Devendra Shrimanker</b>	<b>Mrs. Sonal. Doshi</b>	<b>Mrs. Padma Devarajan</b>	<b>Mr. Sharad Sanghi</b>
Leadership / Operational expertise	√	√	√	√	√	√
Strategic planning	√	√	√	√	√	√
Sector / Industry Knowledge & Experience, Business Strategy, Financial Control	√	√	√	√	√	√
Financial, Regulatory / Legal & Risk Management	√	√	√	√	√	√
Corporate Social Responsibility and Corporate Governance	√	√	√	√	√	√

The Independent Directors of the Company furnish a declaration at the time of their appointment and also annually that they meet the criteria of Independence as provided under law. The Board reviews the same and is of the opinion, that the Independent Directors fulfill the conditions specified in the Act and the SEBI LODR Regulations 2015 and are independent of the management.

None, of our Independent Director have resigned before the expiry of his/ her tenure.

### 3. BOARD COMMITTEES

To enable better and focused attention of the affairs of the Company, the Board delegates particular matters to committees of the Board set up for the purpose. These committees prepare the groundwork for decision making and report the same to the Board at the subsequent meetings.

Details of the Committees of the Board and other related information are as follows:

#### A. AUDIT COMMITTEE

##### (a) Composition, Name of the Members and Chairperson

The composition of the Audit Committee is in accordance with the Regulation 18 of Listing Regulations read with Section 177 of the Companies Act, 2013 comprising of 4 (Four) qualified members (i.e. 3 Independent Directors and 1 Executive Director). All the members have financial and accounting knowledge and Mr. Devendra Shrimanker, Chairman of the Audit Committee has adequate knowledge, experience and expertise in accounts and finance. The Company Secretary is the Secretary to the Audit Committee.

The Composition of the Audit Committee and attendance of each Member at the Audit Committee meetings held during the year is as under:

Name of the Members	Category	Audit Committee Meetings (2021-2022)				No. of Meetings Entitled to Attend	No. of Meetings Attended
		3-Jun-21	13-Aug-21	12-Nov-21	14-Feb-22		
Mr. Devendra Shrimanker	Chairman, Non- Executive Independent Director	Yes	Yes	Yes	Yes	4	4
Mr. Jaydev Sanghavi	Member, Executive Director & CFO	Yes	Yes	Yes	Yes	4	4
Ms. Sonal Doshi	Member, Non- Executive Independent Director	Yes	Yes	Yes	Yes	4	4
Ms. Padma Devarajan	Member, Non- Executive Independent Director	No	Yes	Yes	Yes	4	3

##### (b) Terms of Reference

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is, inter alia, to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors, the performance of internal auditors and the Company's risk management policies etc.

The Audit Committee has been no changes in the structure of the Committee during the year under the provisions of Section 177 of the Companies Act, 2013 and the terms of reference of the committee are:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;



- ii. Recommending to the Board, the appointment, terms of appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- iii. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- iv. Reviewing, with the management, the annual financial statements and auditors report before submission to the board for approval, with particular reference to:
  - a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) / Qualifications in the draft audit report;
- v. Reviewing, with the management, the quarterly /half yearly and annual financial statements and auditors limited review reports before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- viii. Approval of any transactions of the Company with Related Parties, including any subsequent modification thereof;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the Company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xiv. Discussion with internal auditors on any significant findings and follow up there on;
- xv. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xviii. To review the functioning of the Whistle Blower mechanism

- xix. Approval of appointment of CFO or any other person heading the finance function or discharging that function after assessing the qualifications, experience & background etc. of the candidate;
- xx. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
- xxi. To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee;
- xxii. Monitoring the end use of funds raised through public offers and related matters;
- xxiii. To investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- xxiv. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
- xxv. Carrying out any other functions as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.

## **B. NOMINATION AND REMUNERATION COMMITTEE**

### **(a) Composition, Name of the Members and Chairperson**

The Committee met 1 (one) time during the year on June 3, 2021. The necessary quorum was present at the meeting.

The composition of the Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Name of the Members	Category	Nomination and Remuneration Committee Meetings (2021-2022)	No. of Meetings Entitled to Attend	No. of Meetings Attended
		03-Jun-21		
Mr. Devendra J. Shrimanker	Chairman, Non- Executive Independent Director	Yes	1	1
Ms. Padma V. Devarajan	Member, Non- Executive Independent Director	No	1	0
Ms. Sonal N. Doshi	Member Independent, Non – Executive Independent Director	Yes	1	1
*Mr. Sharad S. Sanghi	Member Independent, Non – Executive Independent Director	No	0	0

\* Mr. Sharad S. Sanghi, appointed as a member of Nomination and Remuneration Committee on April 26, 2022.

## (b) Terms of Reference

The Nomination and Remuneration Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and it comprises of four Independent Non-Executive Directors.

The terms of reference of the committee are:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees;
- ii. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.
- iii. Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- iv. Devising a policy on diversity of Board of Directors;
- v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal;
- vi. Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- vii. recommend to the board, all remuneration, in whatever form, payable to senior management;
- viii. While formulating the Policy, the Committee should ensure that-
  - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c. Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.
- ix. To perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021.
- x. To administer the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("ESOP Scheme") including the following:
  - a. Determining the eligibility of employees to participate under the ESOP Scheme;
  - b. Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
  - c. Date of grant;

- d. Determining the exercise price of the option under the ESOP Scheme;
  - e. The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
  - f. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - g. The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
  - h. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - i. Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
  - j. The grant, vest and exercise of option in case of employees who are on long leave;
  - k. Allow exercise of unvested options on such terms and conditions as it may deem fit;
  - l. The procedure for cashless exercise of options;
  - m. Forfeiture/ cancellation of options granted;
  - n. Allotment of share upon exercise of options;
  - o. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:
    - p. the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
    - q. for this purpose, follow global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and
    - r. the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.
  - xi. To construe and interpret the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;
  - xii. Such other matters required from time to time by any statutory, contractual or other regulatory requirements by such Committee.
- (c) Performance Evaluation criteria for Independent Directors

Nomination and Remuneration Committee has set the performance evaluation criteria for Independent Directors and have formulated the performance evaluation framework, which has been circulated to all the Directors. The factors that are evaluated includes participation and contribution by a Director, commitment, efforts taken by Director to promote mutual trust and respect, assisting in implementing and enhancing corporate governance activities, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behavior and judgement.

#### **REMUNERATION OF DIRECTORS:**

The remuneration has been paid as approved by the Board, in accordance with the approval of the Shareholders and within the overall ceiling prescribed under Section 197 and 198 of the Companies Act, 2013. The Remuneration of Executive Directors consist of fixed as well as variable components. The variable components comprise of commission on net profits of the Company.

Independent Directors have been paid sitting fees for attending meetings of Board / Committees thereof.

Remuneration paid to Executive Directors and sitting fees for attending Board / Committee Meetings and profit related commission paid to Executive Directors, during the year ended March 31, 2022 are as under:

(Rupees in Lakhs)

Directors	Sitting Fees	Salary & Allowances	Perquisites	Commission	Share Holding as on 31-03-2022 (in Nos.)
Mr. Virendra D. Sanghavi	-	1,18,80,000	-	49,20,000	75,95,000 (51.37%)
Mr. Jaydev V. Sanghavi	-	92,40,000	-	75,60,000	21,82,500 (14.76%)
Mr. Devendra J. Shrimanker	95,000.00	-	-	-	-
Mrs. Sonal N. Doshi	1,05,000.00	-	-	-	-
Dr. (Mrs.) Padma V. Devarajan	75,000.00	-	-	-	-
Mr. Sharad S. Sanghi	25,000.00	-	-	-	-

### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### (a) Composition, Name of the Members and Chairman

The Committee met once during the year on March 29, 2022. All the members were present at the meeting.

The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Name	Designation in Committee	Nature of Directorship	No. of Committee Meetings	
			Held	Attended
Mrs. Sonal Doshi	Chairperson	Non-Executive and Independent Director	1	1
Mr. Jaydev Sanghavi	Member	Executive Director	1	1
Mr. Devendra Shrimanker	Member	Non-Executive and Independent Director	1	1

#### (b) Terms of reference

Stakeholders' Relationship Committee has been constituted as per the provisions of Section 178 of the Companies Act, 2013. The Committee shall oversee all matters pertaining to investors of the Company.

The terms of reference of the committee are:

- To consider and resolve the grievances of security holders of the Company;
- To approve Transfer / Transmission / Dematerialisation / Rematerialisation of Equity Shares of the Company;
- To approve issue of new / duplicate / consolidated / split share certificate(s);
- To carry out such functions for redressal of shareholders' and investors' complaints, including but not limited to matters relating to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividend and any other grievance that a shareholder or investor of the Company may have against the Company;
- To oversee the performance of the Registrar and Transfer Agents of the Company and recommend measures for overall improvement in the quality of investor services; and
- To do all other acts, deeds and things or otherwise deal with all matters in relation to the Shareholders and other Stakeholders;
- Review of measures taken for effective exercise of voting rights by shareholders;



- viii. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- ix. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- x. To carry out any other function as may be stipulated by any law or regulation or any Government guideline or the Board of Directors, from time to time.

#### **D. FINANCE AND MANAGEMENT COMMITTEE**

##### **(a) Composition, Name of the Members and Chairman**

The Committee met Eighteen times during the year. All the members were present at the meeting.

The composition of the Finance and Management Committee consists of Two Directors Namely Mr. Virendra D. Sanghavi, Chairperson – Managing Director and Mr. Jaydev V. Sanghavi, Member (Executive Director and CFO).

##### **(b) Terms of reference**

- To open and close any bank accounts of the Company, to decide any change in the authorised signatories for operation of such accounts, availing corporate internet banking facility in the name of the Company with any bank in India and to sign, execute and submit any documents as may be considered necessary in this regard.
- Provide Financial or Performance Guarantee, issuing letters of comfort within the limit of Rs. 27.5 Crores as sanctioned by Yes Bank Limited by their sanction letter dated July 19, 2019, Rs. 15 Crore as sanctioned by HSBC Bank dated December 24, 2019, and Rs. 5 Crores as sanctioned by HDFC Bank dated September 20, 2020, N.A. by their sanction letter dated January 22, 2020 and provide earnest money deposit (EMD) of the amount as mutually decided between the Company and clients for day to day workings of the Company and to authorize Companies representatives to sign, execute, certify and submit the application, undertakings, deeds or any other documents as may be considered necessary in this regard.
- Provide Individual Guarantees in the capacity of Director/issuing letters of comfort within the limit sanctioned by the lenders as under;

Sr No.	Name of the Lender	Amount	Purpose
1	Yes Bank Limited	Cash Credit Limit of Rs. 27.5 Crores.	Working Capital
2	HDFC	Cash Credit Limit of Rs. 5 Crores.	Working Capital/Demand Loan
3	HSBC BANK	Cash Credit Limit of Rs. 15 Cr.	Working Capital/Demand Loan

And to authorize Companies representatives to sign, execute, certify and submit the application, undertakings, deeds or any other documents as may be considered necessary with respect to the abovementioned existing borrowings of the Company which shall not exceed at any time limit of Rs. 150 Crores (Rupees One Hundred and Fifty Crores Only) as set out by the Board Resolution dated 17th July, 2017 of the Company.

- Authorize Company representatives to make application, declaration, submit related documents to government authorities, regulatory authorities for making necessary changes as required by the Company in the legal documents, certificates, license of the Company.
- To grant any authorities for signing of and executing any applications, agreements, letter of authorities, power of attorneys, deeds or other documents etc. for and on behalf of the Company
- To grant any authorities in favour of any officials or other authorised persons to represent and appear for and on behalf of the Company before any Courts, Government or non-Government authorities, bodies or any other officers empowered by the law in any matter.

- Review the Company's financial plans, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management and make such reports and recommendations to the Board with respect thereto as it may deem advisable.
- Review banking arrangements and cash management.
- Review the Companies Management, Organizational Structure and periodically or an event based, authorize the Companies representatives to do all such acts, deeds and things as may be considered necessary in relation to the routine transactions on behalf of the Company and recommend changes if any in the organization structure of the Company.
- To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.
- To invest by way Fixed Deposit/ Corporate Deposit upto the limit of Rs. 10 Crore.
- To provide loan/ make investment in the Subsidiary Company/ Joint Venture Company of Aarvi Encon Limited upto the Limit as approved by Audit Committee by way of Omnibus Approval.
- Delegate authorities from time to time to the executives/authorised persons to implement the decisions of the Committee and Regularly review and make recommendations about changes to the charter of the Committee.
- Name, Designation and Address of the Compliance Officer

Leela S. Bisht

Company Secretary and Compliance Officer:

B1-603, Marathon Innova,

Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9907

Email: [cs@aarviencon.com](mailto:cs@aarviencon.com)

- Investor Grievance Redressal

The total number of complaints received and replied to the satisfaction of shareholders during the year under review is as under:

Quarter	Pending from earlier quarter	Received during the quarter	Resolved during the quarter	Pending at end of the quarter
Jun 30– 2021	0	0	0	0
Sep 30– 2021	0	0	0	0
Dec 31– 2021	0	0	0	0
Mar 31- 2022	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Committee has not received any shareholders complaint during the FY 2021-22.

The Secretarial Department of the Company and the Registrar and Share Transfer Agent (R & T Agent), M/s. Bigshare Services Private Limited attend to all the grievances of the shareholders and investors received directly or through SEBI (SCORES), Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc.

The Company maintains continuous interaction with the said R & T Agent and takes proactive steps and actions for resolving complaints/queries of the shareholders/ investors and also takes initiatives for solving critical issues. Shareholders are requested to furnish their telephone numbers and email addresses to facilitate prompt action.

#### **4. REMUNERATION**

##### **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 stated concerned person 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.

## 5. GENERAL BODY MEETINGS

### Annual General Meeting

#### A. Particulars of Annual General Meeting held in last three years are as under:

Financial Year	Date	Time	Venue
2020-21	July 29, 2021	11.00 A.M.	The 33rd Annual General Meeting (Fourth AGM Post IPO of the Company) was via Video Conferencing (VC) or Other Audio Visual Means (OAVM).
2019-20	September 22, 2020	11:00 A.M.	The 32nd Annual General Meeting (Third AGM Post IPO of the Company) was via Video Conferencing (VC) or Other Audio Visual Means (OAVM).
2018 -19	August 06, 2019	11:30 A.M.	M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai – 400001.

\*Whether any Special Resolution passed in previous 3 AGM's:

DATE OF AGM	DESCRIPTION OF SPECIAL RESOLUTION
July 29, 2021	<ul style="list-style-type: none"> <li>Re-Appointment of Dr. Padma V. Devarajan (DIN: 08064987) As a Non-Executive Independent Director of The Company for a Second term of Five consecutive years.</li> <li>To Approve Remuneration of Mr. Jaydev V. Sanghavi (DIN: 00759042), Executive Director &amp; CFO of The Company for the financial year (FY) 2020-21 and 2021-22.</li> <li>To Approve Remuneration payable to Executive Directors under Reg. 17 of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015.</li> </ul>
September 22, 2020	<ul style="list-style-type: none"> <li>To approve remuneration of Mr. Virendra D. Sanghavi (Din: 00759176) Managing Director of the Company for Financial Year (FY) 2020-21 and 2021-22.</li> </ul>
August 06, 2019	NIL

#### B. Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year 2021-22.

#### C. Postal Ballot

During the year, no transaction was approved by postal ballot by the members of the Company.

## 6. MEANS OF COMMUNICATION:

**Quarterly/ Half yearly/Annual Results:** During the year 2021-22, the company has followed regulation 47 of listing regulations and published its each quarterly, half yearly and annual financial results in the English language newspaper and in Marathi language newspaper (local vernacular language) and submits the same to stock exchange. Also, the financial results and the official news releases are also displayed on the Company's website: [www.aarviencon.com](http://www.aarviencon.com)

**Website:** The Company's website: [www.aarviencon.com](http://www.aarviencon.com) contains a separate section under the name of 'Investors' where shareholders' information is available. The Company's Financial Results and Annual Reports are also available on the Company's website in the downloadable form.

Official media releases are sent to the Stock Exchange before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc., if any, are posted on the Company's website.

The publication as required under Regulation 47 for the FY 2021-22 has been done in Business Standard (All India Edition) and Mumbai Lakshadeep (Marathi Edition).

The newspaper publication as required under Regulation 47 has also been published on the website of the Company.

**NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for Corporates. All periodical compliance filings like Shareholding Pattern, Corporate Governance Report, Press Releases and others are filed electronically on NEAPS. The Company is regular in posting its Shareholding

Pattern, Corporate Governance Report and Corporate Announcements electronically at <https://neaps.nseindia.com/NEWLISTINGCORP/>.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

The Investors presentations are also available on the website of the Company.

## 7. GENERAL SHAREHOLDER INFORMATION

### 34<sup>th</sup> (Thirty Fourth) Annual General Meeting

**Day, Date and Time:**

Friday, July 29, 2022 at 11:00 a.m.

**Venue: Meeting will be held through VC/OAVM**

**Financial Year:** 1<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022

**Listing on Stock Exchanges**

The Company's equity shares are actively traded on National Stock Exchange of India Limited (NSE)

**National Stock Exchange of India Limited**

Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Website: [www.nseindia.com](http://www.nseindia.com).

**Payment of listing fees:**

The Company has paid the annual listing fees to the stock exchange for the FY 2021-22.

**Stock code**

National Stock Exchange of India Limited	:	AARVI
ISIN for equity shares	:	INE754X01016

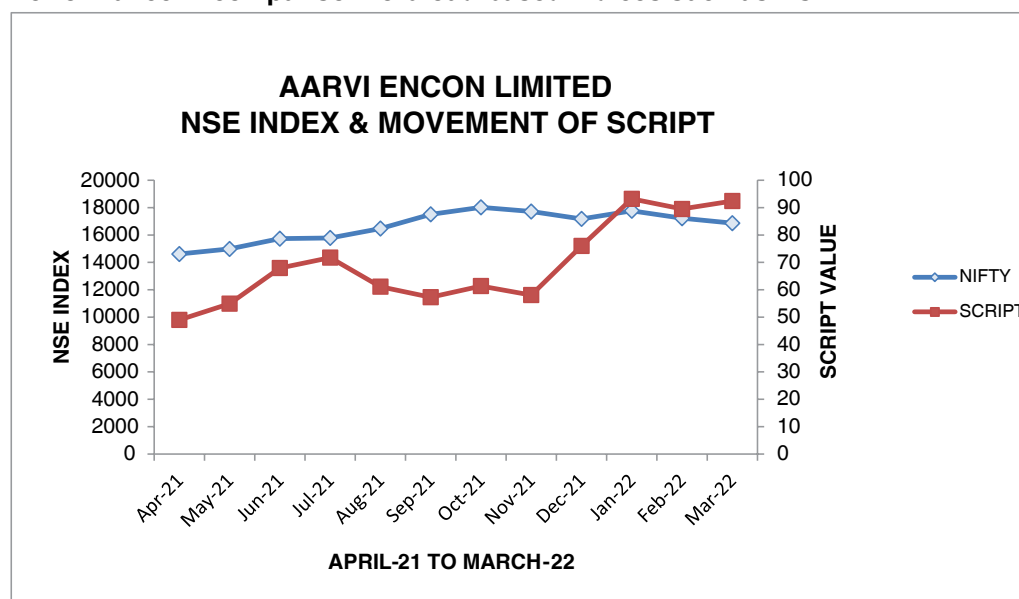
**Market price data- high, low during each month in last financial year**

High, Low during each month and trading volumes of the Company's Equity Shares during the financial year 2021-22 at NSE are given below

2021-22	National Stock Exchange of India Limited (NSE)		
	Month's High Price (Rs.)	Month's Low Price (Rs.)	No. of Shares traded
April 2021	56.00	41.95	5,08,540
May 2021	78.00	46.25	26,24,043
June 2021	73.75	62.10	12,70,432
July 2021	78.40	64.35	21,13,777
August 2021	71.90	50.30	8,03,777
September 2021	61.20	53.50	3,74,099
October 2021	67.00	55.85	3,56,604
November 2021	65.45	51.95	4,07,704
December 2021	103.90	55.65	29,57,224
January 2022	104.00	87.30	7,56,429
February 2022	98.10	83.40	5,30,263
March 2022	115.90	84.00	8,54,287



Performance in comparison to broad-based indices such as NSE NIFTY with AARVI Script.



#### Registrar & Share Transfer Agent:

Bigshare Services Pvt. Ltd.  
Office No S6-2, 6th Floor, Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri (East) Mumbai – 400093  
Board No : 022 – 62638200  
Email: [ujata@bigshareonline.com](mailto:ujata@bigshareonline.com) | [www.bigshareonline.com](http://www.bigshareonline.com)

#### Share Transfer System

Shareholders/ Investors are requested to forward documents related to share transfer, and other related correspondences directly to Bigshare Services Private Limited at the aforementioned address for speedy response. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

The Company obtains from a Company Secretary in Practice a half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the certificate with the Stock Exchanges.

#### Distribution of Shareholding

Statement showing Shareholding Pattern as on 31<sup>st</sup> March, 2022.

Category of Shareholders	Number of shares	% of Shareholding
Shareholding of Promoter and Promoter Group	1,08,62,500	73.47
Mutual Funds	0	0.00
Central Government/state Government(s)	0	0.00
Financial Institutions / Banks	0	0.00
Foreign Institutional Investors (Including FPI)	0	0.00
NBFC Registered with RBI	0	0.00
Bodies Corporate	2,94,006	1.99
Individual shareholders holding nominal share capital up to Rs. 2 lakhs	13,99,626	9.47

Category of Shareholders	Number of shares	% of Shareholding
Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	14,10,918	9.54
Clearing Members	56,215	0.38
Non Resident Indians	44,365	0.30
Foreign Companies	0	0.00
Other Directors	0	0.00
HUF	7,16,370	4.85
Trusts	0	0.00
IEPF	0	0.00
<b>TOTAL</b>	<b>1,47,84,000</b>	<b>100.00</b>

#### Distribution of Shareholding by Size as on 31<sup>st</sup> March, 2022

No. of Shares held	No. of shareholder	% to no. of shareholders	No. of shares	% to no. of shares
1 – 500	2,991	83.25	2,82,417	1.910
501 – 1000	208	5.79	1,73,886	1.176
1001 – 2000	192	5.34	3,36,530	2.276
2001 – 3000	50	1.39	1,29,487	0.875
3001 – 4000	31	0.86	1,17,107	0.792
4001 – 5000	22	0.61	1,04,434	0.706
5001 – 10,000	43	1.20	3,09,602	2.094
> 10,001	56	1.56	1,33,30,537	90.168
<b>TOTAL</b>	<b>3593</b>	<b>100</b>	<b>1,47,84,000</b>	<b>100</b>

#### Dematerialization of shares as on 31<sup>st</sup> March, 2022

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the Depositories in India - National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Particulars of Shares	Equity Shares of Rs. 10/- each	
	Number	% of total
<b>Dematerialised form</b>		
CDSL	1,28,40,344	86.85
NSDL	19,43,656	13.15
<b>Total</b>	<b>14784000</b>	<b>100</b>

#### Liquidity

Shares of the Company are actively traded on NSE as seen from the volume of shares indicated in the table containing stock market data and hence ensure good liquidity for the investors.

#### Outstanding GDRs/ADRs/Warrants or any convertible instruments

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as at March 31, 2022.

## Commodity Price Risk/Foreign Exchange Risk and Hedging Activities

### 1. Risk Management with respect to the Commodities and Forex:

Risk Management only pertains to forex transactions pursued by the company in the normal course of business. The company has formed strategies for dealing with the same. There is no commodity price risk.

### 2. Exposure of the listed entity to commodity and commodity risks faced by the entity throughout the year:

The Company does not have any exposure hedged through commodity during the financial year 2021 -22.

#### **Plant Locations: Not Applicable.**

#### **Address for Correspondence**

Queries may be addressed to:

**Jaydev Sanghavi,**

**Chief Financial Officer,**

Aarvi Encon Limited,

B1-603, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9999

Email: [info@aarviencon.com/mathew@aarviencon.com](mailto:info@aarviencon.com/mathew@aarviencon.com)

**Leela Bisht**

**Company Secretary and Compliance Officer**

Aarvi Encon Limited,

B1-603, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West), Mumbai – 400013.

Tel: 022 – 4049 9907

Email: [cs@aarviencon.com](mailto:cs@aarviencon.com)

Shareholders' correspondence should be addressed to Company's Registrar & Share Transfer Agent at the below mentioned address

#### **Bigshare Services Pvt. Ltd.**

Office No S6-2, 6th Floor, Pinnacle Business Park,

Next to Ahura Centre, Mahakali Caves Road,

Andheri (East) Mumbai – 400093

Board No : 022 – 62638200

[ujata@bigshareonline.com](mailto:ujata@bigshareonline.com) | [www.bigshareonline.com](http://www.bigshareonline.com)

#### **List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad:**

The Company's Domestic Credit Rating is CRISIL SME Rating 1 for the long-term debt /facilities 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.

#### **Other Disclosures**

##### 1. Policy on materially significant Related Party Transactions

During the financial year 2021-22, no transactions of material nature had been entered into by the Company that may have a potential conflict of interest of the Company at large. Refer to Note 25 to the Financial Statements for disclosure of related parties.

The Company has formulated policy on dealing with related party transactions. This policy is placed on the Company's website <https://www.aarviencon.com/policies-of-the-company>.

##### 2. The Company has complied with the requirements of regulatory authorities on capital markets; hence there are no non-compliances for which penalty/stricture was imposed by the stock exchange(s) or SEBI or any other statutory Authority or any other matter related to capital markets on the Company during the last three years except the following.

Qualifications for 3 years to be added – refer audit reports/compliance reports

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Observations/ Remarks of the Practicing Company Secretary	Details of action taken E.g. fines, warning letter, debarment, etc.
1.	Pursuant to regulation 30 and Schedule III of SEBI Listing Regulations, Outcome of Board Meeting and Proceedings of Annual General Meeting shall be submitted within 30 minutes and within 24 hours respectively	The Company has submitted Outcome of Board meeting held on 30.06.2020 and proceedings of Annual General Meeting beyond the timeline as stated in SEBI Listing Regulations.	Due to the Lock down situation and practical issues, Company delayed in publishing Outcome within 30 mins, the same is also informed to Exchange.
2.	As per regulation 47 of SEBI Listing Regulations, the listed entity shall publish Financial Results in at least one English language national daily newspaper circulating in the whole or substantially the whole of India and in one daily newspaper published in the language of the region, where the registered office of the listed entity is situated.	The Company has published Financial Results for Quarter ended 31.03.2020 in English language in Business Standard, however, it has not published Financial Results in daily newspaper in the language of the region, where the registered office of the listed entity is situated.	Company has taken proper precautions and corrective measures to avoid such mistakes.
3.	Pursuant to regulation 34(1) the listed entity shall submit to stock exchange a copy of Annual Report along with notice of Annual General Meeting (AGM) not later than the day of commencement of dispatch to its shareholders.	Delay in submission of Annual Report for year ended March 31, 2019 along with notice of Annual General Meeting to stock exchange however the Company has sent the Annual Report to all the shareholders in accordance with the requirements of the Companies Act, 2013.	The requisite intimation / disclosure were made to stock exchange. NSE levied fine on the Company vide SEBI Circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018, pursuant to which Company submitted its response and explained genuine reason for not submitting the same on time and accordingly requested for waiver of penalty imposed on it. Thereafter considering the response submitted by the Company, the Exchange has waived off the entire penalty imposed on the Company.
4.	Pursuant to regulation 34(2)(e) and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 w.r.t. Annual Report shall contain various information as prescribed.	Disclosures of all matters as required to be stated in Management Discussion and Analysis Report is made in Annual Report for the year ended March 31, 2019 except few such as Internal Control System and their adequacy, risk etc.	Company has taken proper precautions and corrective measures to avoid such mistakes.

- The Company has formulated Vigil Mechanism / whistleblower policy with an aim to provide a channel to the Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy system which is embedded in its Code of Conduct. The Code of Conduct of the Company serves as a guide for daily business interactions, reflecting the Company's standard for appropriate behavior and living Corporate Values. This policy is placed on the Company's website [www.aarviencon.com](http://www.aarviencon.com)

It is affirmed that no person has been denied direct access to the chairperson of the Audit committee.

4. The Company has adopted policy for determining Material Subsidiary in accordance with Regulation 24 of the SEBI LODR, 2015; the said policy is placed on the Company's website <https://www.aarviencon.com/policies-of-the-company>.

The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. A report on significant developments of the unlisted subsidiary companies is periodically placed before the Board of Directors of the Company.

The Company has three subsidiary Companies as on March 31, 2022:

Aarvi Encon FZE located at United Arab Emirates (UAE).

Aarvi Engineering and Consultants Private Limited located in India.

Aarvi Encon Resources Limited located at United Kingdom (UK).

During the year under review Aarvi Encon FZE, a wholly owned Subsidiary Company became a material subsidiary of the Company as its net worth is more than 10% to the total net worth of the Company.

web link where policy on dealing with related party transactions is <https://www.aarviencon.com/policies-of-the-company>.

5. Disclosure of commodity price risks and commodity hedging activities.  
The Company does not have any un-hedged exposure to commodity price risk and foreign exchange risk.
6. During the year, the Company has not raised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the listing regulation.
7. Based on the declaration / confirmation made by the Director, the Company has obtained a Certificate from M/s. Bhatt & Associates Company Secretaries LLP, Practicing Company Secretaries confirming that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority. The copy of the same forms part of this Annual Report.
8. There have been no instances during the year where recommendations of the Committees of the Board were not accepted by the Board.
9. The total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part on consolidated basis for the financial year 2021-22 is Rs. 14,90,000/.(Refer Note No. 19 as notes to Consolidated Audited Financial Statements).
10. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

	Particulars	No. of Complaints
a.	Number of complaints filed during the financial year	0
b.	Number of complaints disposed of during the financial year	0
c.	Number of complaints pending as on end of the financial year	0

The Company is committed to uphold and maintain the dignity of woman employees and it has in place a policy which provides protection against sexual harassment of women at work place and for prevention and redressal of such complaints. During the year, no such complaints were received. The Company has also constituted an Internal Complaints Committee under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

11. Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) above, with reasons thereof shall be disclosed – Not Applicable



## 12. Compliance with the Discretionary Requirements under the Listing Regulations

The Board of Directors periodically reviewed the compliance of all applicable laws and steps taken by the Company to rectify instances of non-compliance, if any. The Company is in compliance with all mandatory requirements of the SEBI LODR, Regulations 2015 and requirements as specified in Part E of Schedule II.

### **Compliance with mandatory Requirements and adoption of the non-mandatory Requirements of Corporate Governance:**

During the period under review, your Company has complied with all the mandatory requirements of SEBI LODR Regulations. In terms of Corporate Governance, the Company has complied with the applicable requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

## 13. Compliance with Non mandatory requirements

In addition, the Company has also adopted the following non-mandatory requirements to the extent mentioned below:

- The Company's financial statements are unqualified.
- The Chairman is an executive chairman and is entitled to maintain chairman's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of duties.

## 14. Declaration signed by the chief executive officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

The Company has adopted the Code of Conduct for directors and senior management personnel. The Code has been circulated to all the members of Board and senior management personnel and the same has been posted on the Company's website. The Board and senior management personnel have affirmed their compliance with the Code and a declaration signed by the Managing Director of the Company is given below:

"It is hereby declared that the Company has obtained from all the Board and senior management personnel affirmation that they have complied with the Code of Conduct for the Directors and senior management of the Company for the year 2021-22".

## 15. Certificate on Corporate Governance

A Certificate from Practicing Company Secretary, M/s. Bhatt & Associates Company Secretaries LLP, confirming compliance with the conditions of Corporate Governance as stipulated under Schedule V part C of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached to the Directors' Report forming part of the Annual Report.

## 16. Policy on Insider Trading

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and as amended from time to time.

The Board has appointed the Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board.

The Company's Code, inter alia, prohibits purchase and/or sale of shares of the Company by an insider, while in possession of Unpublished Price Sensitive Information in relation to the Company during certain prohibited periods.

## 17. Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements.

**7. A) No. of Board Meetings held during the year:**

5 (Five) Board Meetings were held during the year (FY. 2021 - 22). The details of the Board Meetings held are given below:

Date of Board meeting	Board Strength	No. of Director Present
03.06.2021	6	5
13.08.2021	6	5
21.10.2021	6	5
12.11.2021	6	5
14.02.2022	6	6

**B) No. of Audit Committee Meetings held during the year:**

4 (Four) Audit Committee Meetings were held during the year i.e. 2021-22, the details of the Audit Committee Meetings are as follows:

Date of Audit Meeting	Committee Strength	No. of Directors Present
03.06.2021	4	3
13.08.2021	4	4
12.11.2021	4	4
14.02.2022	4	4

**C) No. of Nomination and Remuneration Committee Meetings held during the year:**

1 (One) Nomination and Remuneration Committee Meetings were held during the year i.e. 2021 - 22, the details of the Nomination and Remuneration Committee Meetings are as follows:

Date of Nomination and Remuneration Committee Meeting	Committee Strength	No. of Directors Present
03.06.2021	3	2

**D) No. of Corporate Social Responsibility Committee Meetings held during the year:**

2 (Two) Corporate Social Responsibility (CSR) Committee Meetings were held during the year i.e. 2021 -22, the details of the Corporate Social Responsibility Committee Meetings are as follows:

Date of CSR Meeting	Committee Strength	No. of Directors Present
03.06.2021	4	3
13.08.2021	4	3

**E) No. of Finance and Management Committee Meetings held during the year:**

18 (Eighteen) Finance and Management Committee Meetings were held during the year i.e. 2021 - 22, the details of the Finance and Management Committee Meetings are as follows:

Date of Finance and Management Committee Meeting	Committee Strength	No. of Directors Present	Date of Finance and Management Committee Meeting	Committee Strength	No. of Directors Present
05.04.2021	2	2	30.09.2021	2	2
06.04.2021	2	2	13.10.2021	2	2
05.06.2021	2	2	08.11.2021	2	2
22.06.2021	2	2	22.11.2021	2	2
29.06.2021	2	2	18.12.2021	2	2
21.07.2021	2	2	22.12.2021	2	2
02.08.2021	2	2	13.01.2022	2	2
19.08.2021	2	2	29.01.2022	2	2
13.09.2021	2	2	11.02.2022	2	2

## 8. 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](http://www.aarviencon.com)

## 9. 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.

### a. Managing Director & Whole-Time Director

The Managing Director & Whole-Time Director shall be appointed 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.

### b. 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.

## 10. Meetings other than Annual General Meeting

During the FY 2021-22, there are no other general meetings of the members of the Company except the 33<sup>rd</sup> Annual General Meeting.

11. The Company was a SME listed company till March 31, 2020, and therefore regulations of Corporate Governance were not applicable to the Company for the year ended March 31, 2020. The Company obtained members approval for migration from SME Emerge platform of National Stock Exchange of India Limited (NSE) to the Main Board of NSE India Limited during the year. The Company obtained final approval of NSE for migration of trading of its equity shares from SME Emerge Platform to the Capital Market Segment (Main Board) of NSE Ltd on June 22, 2020.

**12. Dividend Distribution Summary**

Financial Year	Amount of Dividend (₹)	Date of payment	Dividend tax / (TDS) (₹)	%
2021-22 (Interim)	73,92,000	01/12/2021	6,86,840	5
2020-21	1,47,84,000	05/08/2021	20,33,572	15
2019-20	1,47,84,000	01/10/2020	10,68,470	10
2018-19	1,47,84,000	19/08/2019	30,38,895	10
2017 -18	73,92,000	04/09/2018	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

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

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

**Date: May 26, 2022**  
**Place: Mumbai**

## **CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members,  
Aarvi Encon Limited,**  
603, B1 Wing, Marathon Innova,  
Marathon Nextgen Complex,  
Lower Parel(W), Mumbai – 400013.

I have examined the compliance of conditions of Corporate Governance by **Aarvi Encon Limited** ('the Company') for the year ended March 31, 2022, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations, 2015") as referred to in Regulation 15(2) of the SEBI Listing Regulations, 2015 for the period from April 1, 2021 to March 31, 2022.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management and my examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable or for any other purpose.

**For Bhatt & Associates Company Secretaries LLP**

**Place: Mumbai  
Date: 26.05.2022**

**Aashish K. Bhatt  
Designated Partner  
Membership No.: 19639  
UDIN: A019639D000391593**



## INDEPENDENT AUDITOR'S REPORT

### To The Members of, AARVI ENCON LIMITED Report on Consolidated Financial Statements

#### Opinion

We have audited accompanying consolidated financial statements of Aarvi Encon Limited (the "Holding Company") and its subsidiaries, a list of the same is annexed herewith by way of an Annexure 2 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, 2022, the consolidated Statement of Profit and Loss including other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of Reports of other Auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid Consolidated financial statement give the information required by the Companies Act, 2013, as amended ("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 consolidated state of affairs of the Group as at March 31<sup>st</sup> 2022, and profit including other comprehensive income, their Consolidated Cash Flows and the Consolidated Statement of Changes in Equities for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Group 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 Act 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 audit opinion on the Consolidated Financial Statements.

#### 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.

#### Key Audit Matter

##### 1. Revenue Recognition

The Company's contracts with customers include contracts with multiple services. The Company derives revenues from manpower supply and related services. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables involves significant judgement.

As certain contracts with customers involve management's judgment in (1) identifying distinct performance obligations, (2) determining whether the Company is acting as a principal or an agent, revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.

#### Auditor's Responses

##### Principal Audit Procedures

Our audit procedures related to the (1) identification of distinct performance obligations, (2) determination of whether the Company is acting as a principal or agent included the following among others:

- We tested the effectiveness of controls relating to the-
  - (a) identification of distinct performance obligations,
  - (b) determination of whether the Company is acting as a principal or an agent and
- We selected a sample of contracts with customers and performed the following procedures:
  - Obtained and read contract documents for each selection, including master service agreements, and other documents that were part of the agreement.
  - Identified significant terms and deliverables in the contract to assess management's conclusions regarding the- (i) identification of

distinct performance obligations (ii) whether the Company is acting as a principal or an agent

## **Key Audit Matter**

### **2. 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, 2022 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 Financial Statements and Auditor's Report Thereon**

The Holding 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 Act

that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, Consolidated cash flows and consolidated Statement of Changes in Equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (IND AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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, which have been used for the purpose of preparation by the Consolidated Financial Statements by the directors of the Holding Companies as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the Company included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditors' Responsibility**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statements.

As a part of an audit in accordance with SAs, we exercise

professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we as Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements, including the disclosure, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial

statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other Auditors, such other Auditors remain responsible for the directions, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings. Including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 the 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 preparations 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 consolidated financial statements.

### Other Matters

We did not audit the financial statements of foreign subsidiary Aarvi Encon (FZE), whose financial statements reflect total assets of Rs.17,55,64,782/- (AED 86,07,351/-) as at 31<sup>st</sup> March, 2022, total revenue of Rs.13,93,76,012/- (AED 68,67,515/-) and net cash outflow of Rs.3,17,28,783/- (AED 16,68,279/-) 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. The audit of financial statements of other foreign subsidiary Aarvi Encon Resources Ltd whose financial statements reflect total assets of Rs.33,742/- is not required to be audited as per the statutory requirements of the respective country. Also the audit of associate entities, Aarvi Encon Staffing Services W.L.L. and PT Aarvi Encon Services, has not been done by us and our opinion is based solely on the financial statements as per the statutory requirements of the respective countries.

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 the Companies (Auditor's Report) order, 2020 ("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 1, a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by section 143(3) of the Act, based on our audit and the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the other matters paragraph we report to the extent applicable, that:
  - a) We / the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief was necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion proper books of account as required by law relating to preparations of the aforesaid Consolidation of the Financial Statements have been kept so far as it appears

from our examinations of those books and reports of the other auditors;

- c) The consolidated Balance Sheet, the consolidated Statement of Profit and loss including the statement of other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement and Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of Consolidated Financial Statements;
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the applicable Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2022 and taken on record by the Board of Directors of the holding company and the report of the Statutory Auditors who are appointed under section 139 of the Act of its subsidiaries, none of the directors of the group companies incorporated in India is disqualified as on 31 March, 2022, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in 'Annexure 3', which is based on the auditors' reports of the subsidiary companies incorporated in India.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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 impact 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.
- iv. a) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such Subsidiaries to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective managements of the Holding Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the Holding Company or any of such Subsidiaries

from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances performed by us and those performed by the auditors of the subsidiaries whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The dividend declared/paid during the year and subsequent to the year-end by the Holding Company and subsidiary companies, as and where dividend declared/paid, is in compliance with Section 123 of the Act.

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

Chartered Accountants  
Firm Reg. No. 100577W

**Arvind Shah**

(Proprietor)  
Membership No. 100/31224  
UDINo. : 22031224AJRQWO6690

Place : Mumbai.

Date : 26<sup>th</sup> May, 2022



## Annexure to the Independent Auditors' Report of Consolidated Financial Statements

### Annexure – 1:

#### Referred To In Paragraph 1 under the Heading “Report on Other Legal and Regulatory Requirements” Of Our Report of Even Date

There are no qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order, 2020 (“CARO”) reports of the companies included in the consolidated financial statements. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

### Annexure – 2:

#### Details of the Group

##### A. Parent Company;

Sr. No.	Name of the Parent Company
1.	<b>Aarvi Encon Limited</b>

##### B. Subsidiaries held directly

Sr. No.	Name of the Subsidiary
1.	<b>Aarvi Engineering and Consultants Private Limited</b>
2.	<b>Aarvi Encon (FZE)</b>
3.	<b>Aarvi Encon Resources Limited</b>

##### C. Subsidiaries held indirectly

Sr. No.	Name of the Subsidiary
1.	<b>Aarvi Encon LLC, Muscat Sultanate of Oman [Subsidiary of Aarvi Encon (FZE)] w.e.f. 13<sup>th</sup> January, 2021.</b>

##### D. Associate Entities

Sr. No.	Name of the Entity
1.	<b>PT. Aarvi Encon Services, Indonesia [Associate entity of Aarvi Encon (FZE) – Stake held 49%] w.e.f. 10<sup>th</sup> June, 2021.</b>
2.	<b>Aarvi Encon Staffing Services W.L.L., Qatar [Joint Venture – Stake held 49%] w.e.f. 02<sup>nd</sup> March, 2022.</b>

### Annexure – 3:

#### 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 31<sup>st</sup> March, 2022, 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 as to “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 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 31<sup>st</sup> March, 2022, 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  
Firm Reg. No. 100577W

### **Arvind Shah**

(Proprietor)  
Membership No. 100/31224  
UDINo. : 22031224AJRQWO6690

Place : Mumbai.

Date : 26<sup>th</sup> May, 2022

## Consolidated Balance Sheet as at March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	4A	981.23	997.56
(b) Goodwill on Consolidation	5	20.12	20.12
(c) Right of Use Asset	4B	-	-
(d) Other Intangible Assets	4C	12.40	3.22
(e) Intangible Asset Under Development	4D	-	17.13
(f) Financial Assets	6		
(i) Loans and Advances	6.3	242.64	181.91
(ii) Others	6.5	1,827.54	1,633.88
(g) Deferred Tax Asset, Net	7	16.98	16.97
(h) Other non current assets	8	1,371.27	736.43
		<b>4,472.18</b>	<b>3,607.22</b>
<b>(2) Current Assets</b>			
(a) Financial Assets	6		
(i) Investments	6.1	35.74	34.28
(ii) Trade Receivable	6.2	8,101.07	5,342.51
(iii) Cash and cash equivalents	6.4	507.04	1,644.95
(iv) Other Bank Balances	6.4	218.98	413.98
(v) Loans and Advances	6.3	36.45	32.69
(vi) Others	6.5	1,348.88	776.14
(b) Other current assets	8	177.23	167.32
		<b>10,425.39</b>	<b>8,411.87</b>
<b>Total Assets</b>		<b>14,897.57</b>	<b>12,019.09</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	9	1,478.40	1,478.40
(b) Other Equity	10	7,990.51	7,028.76
Equity attributable to owners of Holding Company		<b>9,468.91</b>	<b>8,507.16</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities	11		
(i) Borrowings	11.1	-	-
(ii) Lease Liability	11.2	-	-
(iii) Others	11.5	162.08	129.81
(b) Provisions	14	-	-
(c) Deferred Tax Liabilities (Net)	12	30.22	32.89
(d) Other Non-current liabilities	13	-	-
		<b>192.30</b>	<b>162.70</b>
<b>Current liabilities</b>			
(a) Financial Liabilities	11		
(i) Borrowings	11.3	643.03	352.60
(ii) Lease Liability	11.2	-	-
(iii) Trade payables	11.4	1,019.04	542.47
(iv) Others	11.5	2,448.78	1,718.32
(b) Other current liabilities	13	1,120.77	735.85
(b) Provisions	14	4.75	-
(c) Liabilities for current tax (net)	15	-	-
		<b>5,236.36</b>	<b>3,349.24</b>
<b>Total Equity and Liabilities</b>		<b>14,897.57</b>	<b>12,019.09</b>

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

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

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

Place : Mumbai  
Date : 26th May, 2022

## Consolidated Statement of Profit and Loss for the year ended March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	Year ended March 31, 2022	Year ended March 31, 2021
<b>I Revenue from Operations</b>	16	28,854.71	20,178.56
<b>II Other Income</b>	17	117.88	229.61
<b>III Total Revenue (I + II)</b>		<b>28,972.58</b>	<b>20,408.17</b>
<b>IV Expenses:</b>			
Employee Benefit Expenses	18	21,665.92	15,706.65
Finance Cost	19	73.13	56.66
Depreciation and amortisation expense	20	102.36	97.37
Other Expenses	21	5,916.12	3,516.70
<b>Total Expenses (IV)</b>		<b>27,757.53</b>	<b>19,377.38</b>
<b>V Profit/(Loss) Before Tax (III-IV)</b>		<b>1,215.05</b>	<b>1,030.79</b>
<b>VI Tax Expense</b>	22		
1. Current Tax		11.00	-
2. Short/Excess Provision of Tax		-	(97.55)
3. Deferred Tax (Credit)/Charge		(2.68)	82.32
<b>Total Tax Expenses (VI)</b>		<b>8.32</b>	<b>(15.23)</b>
<b>VII Profit/(Loss) for the year ( V-VI)</b>		<b>1,206.74</b>	<b>1,046.02</b>
<b>VIII Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans tax effect thereon		4.07	12.11
(ii) Items that will be reclassified to profit or loss			
Changes in foreign currency translation reserve tax effect thereon		46.63	(35.55)
Other Comprehensive Income for the year, net of tax		<b>50.70</b>	<b>(23.45)</b>
<b>IX Total comprehensive income for the year</b>		<b>1,257.44</b>	<b>1,022.57</b>
<b>X Net Profit attributable to:</b>			
Owners of the Holding Company Profit / (Loss)		1,206.74	1,046.02
Non-Controlling Interest Profit /(Loss)		-	-
		<b>1,206.74</b>	<b>1,046.02</b>
<b>XI Other Comprehensive Income attributable to:</b>			
Owners of the Holding Company		50.70	(23.45)
Non-Controlling Interest		-	-
		<b>50.70</b>	<b>(23.45)</b>
<b>XII Total Comprehensive Income attributable to:</b>			
Owners of the Holding Company		1,257.44	1,022.57
Non-Controlling Interest Profit /(Loss)		-	-
		<b>1,257.44</b>	<b>1,022.57</b>
<b>XIII Earnings per Share</b>			
Basic & Diluted	23	8.16	7.08
Nominal Value per share of Rs.10 each			

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors

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

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

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

Place : Mumbai  
Date : 26th May, 2022

## Statement of Changes in Equity

(All figures are in lakhs unless otherwise stated)				
<b>A Equity</b>				
Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
<b>Equity shares of INR 10 each issued, subscribed and fully paid</b>				
Balance at the beginning of the reporting period	14,784,000	1,478.40	14,784,000	1,478.40
Changes in equity share capital during the year	-	-	-	-
<b>Balance at the end of Reporting period</b>	<b>14,784,000</b>	<b>1,478.40</b>	<b>14,784,000</b>	<b>1,478.40</b>

<b>B Other Equity</b>					
Particulars	Retained Earnings	Securities Premium	OCI - Exchange differences on translation of Foreign Operations	General Reserve	Total
<b>Balance as at April 1, 2020</b>	<b>3,987.40</b>	<b>1,492.29</b>	<b>106.96</b>	<b>567.37</b>	<b>6,154.02</b>
Profit/(Loss) for the year	1,046.02	-	-	-	1,046.02
Dividend & Dividend Distribution tax	(147.84)	-	-	-	(147.84)
Less : Deferred tax liability on above	-	-	-	-	-
Exchange differences on translation of Foreign Operations	-	-	(35.55)	-	(35.55)
Defined Benefit Obligation	12.11	-	-	-	12.11
<b>Balance as at 31 March 2021</b>	<b>4,897.69</b>	<b>1,492.29</b>	<b>71.41</b>	<b>567.37</b>	<b>7,028.76</b>
Profit/(Loss) for the year	1,206.74	-	-	-	1,206.74
Dividend & Dividend Distribution tax	(295.69)	-	-	-	(295.69)
Less : Transferred to General Reserve	(123.09)	-	-	123.09	-
Less : Deferred tax liability on above	-	-	-	-	-
Exchange differences on translation of Foreign Operations	-	-	46.63	-	46.63
Defined Benefit Obligation	4.07	-	-	-	4.07
<b>Balance as at 31 March 2022</b>	<b>5,689.72</b>	<b>1,492.29</b>	<b>118.04</b>	<b>690.46</b>	<b>7,990.51</b>

### Retained Earnings

Retained earnings are profits that the Company has earned till date, less dividends or other distributions paid to the shareholders. It also includes remeasurement gain/loss of defined benefit plans.

### Securities Premium

Premium received on equity shares issued are recognised in the securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of Section 52 of Companies Act, 2013.

During FY 2017 -18, the Company had come up with the Initial Public Offer (IPO) and raised 21.24 Crores, out of which Security Premium of Rs. 17.30 Crores was raised.

### Foreign currency translation reserve (FCTR)

Exchange differences on translating the financial statements of foreign operations.

The General Reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

As per our report of even date

For and on behalf of the Board of Directors

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

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

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

Place : Mumbai  
Date : 26th May, 2022



## Consolidated Cash Flow Statement for the period ended March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	2021-22	2020-21
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,215.05	1,030.79
<b>Adjustments:</b>		
Depreciation & amortisation	102.36	97.37
Re-measurement of defined benefit obligation	4.07	12.11
Interest expense	73.13	54.84
Interest expense on Lease Liability	-	1.82
Interest income	(101.50)	(222.80)
Liabilities no longer required written back	-	(4.16)
Expected Credit Loss	68.63	47.18
Exchange (gain) / loss	1.66	-
Interest Income on Financial Assets at FVTPL	(1.46)	(2.65)
Loss on sale of property, plant and equipment	16.79	0.53
	163.69	(15.76)
<b>Operating cash flows before working capital changes and other assets</b>	<b>1,378.74</b>	<b>1,015.03</b>
Decrease/ (increase) in Trade receivables	(2,773.73)	413.06
Decrease/ (increase) in Financial Assets	(620.53)	(1,307.28)
Decrease/ (increase) in Other Assets	(9.90)	(53.65)
(Decrease)/increase in Trade Payables	476.00	(402.73)
(Decrease)/increase in Financial Liabilities	762.12	340.96
(Decrease)/increase in Other Liabilities	390.71	4.39
	(1,775.32)	(1,005.24)
<b>Cash generated from operations</b>	<b>(396.57)</b>	<b>9.79</b>
Income taxes refund / (paid), net	(644.44)	1,686.73
<b>Net cash generated from in operating activities</b>	<b>(1,041.01)</b>	<b>1,696.52</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and CWIP	(94.87)	(40.66)
Interest Received	106.37	244.49
<b>Cash flows from investing activities</b>	<b>11.50</b>	<b>203.83</b>
Repayment of long-term borrowings	(25.09)	(8.38)
Net Proceeds from short-term borrowings	290.42	(521.50)
Lease Liability:	-	-
Principal	-	(12.78)
Interest	-	(1.82)
Dividend & Dividend Distribution tax	(295.69)	(147.84)
Interest paid	(78.02)	(54.84)
<b>Net cash used in financing activities</b>	<b>(108.38)</b>	<b>(747.16)</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>(1,137.90)</b>	<b>1,153.19</b>
Cash and cash equivalents at the beginning of the period	1,644.95	491.76
Cash and cash equivalents at the end of the period	507.04	1,644.95
	<b>(1,137.90)</b>	<b>1,153.19</b>

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

# Statement of Significant Accounting policies and Other Explanatory Notes

## 1 Corporate Information

Aarvi Encon Limited (the "Company") is a HR Services Company incorporated as Aarvi Encon Private Limited on 03 December 1987 and the registered office is located at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W) Mumbai 400013. The name of the Company has changed to Aarvi Encon Limited pursuant to conversion into a Public Limited company, vide Shareholder's approval on 13 June, 2017 and obtained a fresh certificate of incorporation dated 05 July 2017.

## 2 Significant Accounting Policies

### I) Basis of Preparation

The Company is listed on the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020: The Company has completed the migration of its shares from National Stock Exchange (NSE) Emerge (SME segment) platform to the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020.

These financial statements are Consolidated Financial Statements as per Ind AS 110 - Separate Financial Statements and are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

## 3 Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are entities controlled by the Group. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of each of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2022.

### (i) Consolidation Procedure

Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full, except as stated below Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

### (ii) Non-controlling interests in the net assets of consolidated subsidiaries consists of :

- The amount of equity attributed to non controlling interests at the date on which investment in a subsidiary relationship came into existence;
- The non-controlling interest share of movement

in equity since the date parent subsidiary relationship came into existence;

- c) Non-controlling interest share of net profit/ (loss) of consolidated subsidiaries for the year is identified and adjusted against the profit after tax of the Group.

**(iii) The following entities are considered in the Consolidated Financial Statements listed below:**

Sr. No.	Name of the Entity	Principal place of business	Proportion of ownership interest either directly or indirectly	Proportion of ownership interest either directly or indirectly
			As on March 31, 2022	As on March 31, 2021
1	Subsidiary :-			
	Aarvi Engineering & Consultants Private Limited	India	100%	100%
	Aarvi Encon FZE	UAE	100%	100%
	Aarvi Encon Resources Limited	UK	100%	100%
2	Entities significantly controlled			
	Aarvi Encon Staffing Services W.L.L - QATAR	Qatar		
	PT Aarvi Encon Services, Indonesia	Indonesia		
	Aarvi Encon LLC, Oman	Oman		

**III) Summary of significant accounting policies**

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle

**(a) Current and non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(b) Property, Plant and Equipment**

- i) Property, plant and equipment (PPE) are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of PPE includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of those PPE.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognized.

- ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.
- iii) The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Group's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.
- iv) Depreciation on all assets of the Group is charged on written down method over the useful life of assets mentioned in Schedule II to the Companies Act ,2013 or the useful life previously assessed by the management based on technical review whichever is lower for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.
- v) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and the cost of property, plant and equipment not ready for their intended use before such date are disclosed under capital work-in-progress.

### c) Intangible Assets

- i) Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.
- ii) Intangible assets under development are capitalized only if the Group is able to establish control over such assets and expects future economic benefit will flow to the Group.
- iii) Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

### d) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group. Acquisition costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition-date fair values. Goodwill is measured as excess of the aggregate of the fair value of the consideration transferred, the amount recognized for non-controlling interests and fair value of any previous interest held, over the fair value of the net of identifiable assets acquired and liabilities assumed. If the fair value of the net of identifiable assets acquired and liabilities assumed is in excess of the aggregate mentioned above, the resulting gain on bargain purchase is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through other comprehensive income. Business combinations involving entities or businesses under common control have been accounted for using the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments have been made to reflect fair values, or to recognize any new assets or liabilities.

### e) Borrowings

General and specific borrowing costs that are directly attributable to the acquisition, construction

or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

### f) Impairment of Assets

Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

### g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

### h) Provisions

The Group recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

### i) Fair Value Measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured

using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

## j) Financial Instruments

### (i) Financial Assets & Financial Liabilities Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**Impairment of financial assets**  
The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Explanatory Notes details how the entity determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to

be recognised from initial recognition of the receivables.

**Derecognition of financial instruments**  
A financial asset is derecognised only when  
\* The Group has transferred the rights to receive cash flows from the financial asset or  
\* retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability (or a part of a financial liability) is derecognized from the Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### (ii) Investments in associates

Investments in associates are carried at cost in the Separate Financial Statements.

## k) Revenue Recognition

- i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

### Manpower Services

Revenue from manpower services is accounted



at a point in time on accrual basis on performance of the services agreed in the contract with the customers.

### **Interest Income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

### **Dividends**

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **l) Taxes**

Tax expenses comprise Current Tax and Deferred Tax.:

### **i) Current Tax:**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### **ii) Deferred Tax:**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial

statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

### **iii) MAT Credit:**

The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits. Therefore, the Company has reversed all the MAT credit during the year.

## **m) Earnings Per Share**

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## **n) Dividend Distribution**

Dividend distribution to the Group's equity holders is

recognized as a liability in the Group's annual accounts in the year in which the dividends are approved by the Group's equity holders.

**o) Foreign exchange transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.

**p) Employee benefits**

**Short term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

**Post-employment benefits**

**i. Defined contribution plans**

A defined contribution plan is a post-employment benefit plan where the Group makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Group's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

**ii. Defined benefit plans -Gratuity**

In accordance with the applicable Indian laws, the Group provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at

retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Current service cost and the interest cost on obligation related to defined benefit plans are recognised in the statement of profit or loss.

**q) Leases**

The following is the summary of the new and/or revised significant accounting policies related to Leases. The Group, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

## Notes to financial statements as at and for the year ended March 31, 2022

(All figures are in Lakhs unless otherwise stated)

### 4A Property, Plant and Equipment

#### Details of Additions, Adjustments, Depreciation and Net Block Asset Class Wise-2021-22

##### Tangible Assets

Particulars	Office Premises	Plant & Machinery	Electrical Installation	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
<b>Cost</b>								
<b>As at 1st April 2020</b>	<b>1,133.25</b>	<b>100.90</b>	<b>37.77</b>	<b>131.13</b>	<b>54.97</b>	<b>104.18</b>	<b>149.61</b>	<b>1,711.80</b>
Additions	-	2.26	0.54	0.07	11.60	19.76	0.22	34.44
Disposals/Adjustments	-	-	-	-	0.13	-	4.24	4.38
<b>As at 31st March 2021</b>	<b>1,133.25</b>	<b>103.17</b>	<b>38.31</b>	<b>131.20</b>	<b>66.43</b>	<b>123.93</b>	<b>145.58</b>	<b>1,741.86</b>
Additions	-	12.14	1.74	17.20	27.74	35.14	-	93.96
Disposals/Adjustments	-	-	1.27	57.30	16.65	86.11	5.98	167.32
<b>As at 31st March 2022</b>	<b>1,133.25</b>	<b>115.31</b>	<b>38.77</b>	<b>91.09</b>	<b>77.52</b>	<b>72.96</b>	<b>139.60</b>	<b>1,668.50</b>
<b>Depreciation</b>								
<b>As at 1st April 2020</b>	<b>223.57</b>	<b>53.26</b>	<b>27.78</b>	<b>106.49</b>	<b>46.09</b>	<b>87.20</b>	<b>112.31</b>	<b>656.70</b>
Charge for the Year	44.29	8.95	2.67	5.81	4.16	14.13	11.17	91.17
Disposals	-	-	-	-	0.13	-	3.44	3.56
<b>As at 31st March 2021</b>	<b>267.86</b>	<b>62.20</b>	<b>30.45</b>	<b>112.30</b>	<b>50.12</b>	<b>101.33</b>	<b>120.04</b>	<b>744.30</b>
Charge for the Year	42.13	9.04	2.30	7.41	14.16	19.15	7.21	101.39
Disposals	-	-	1.21	54.44	15.82	81.81	5.15	158.43
<b>As at 31st March 2022</b>	<b>309.99</b>	<b>71.24</b>	<b>31.54</b>	<b>65.27</b>	<b>48.46</b>	<b>38.67</b>	<b>122.10</b>	<b>687.27</b>
<b>Net Block</b>								
<b>As at 31st March 2022</b>	<b>823.26</b>	<b>44.07</b>	<b>7.24</b>	<b>25.82</b>	<b>29.05</b>	<b>34.29</b>	<b>17.50</b>	<b>981.23</b>
<b>As at 31st March 2021</b>	<b>865.39</b>	<b>40.97</b>	<b>7.86</b>	<b>18.90</b>	<b>16.31</b>	<b>22.60</b>	<b>25.54</b>	<b>997.56</b>

- The group has carried out the exercise of assessment of any indications of impairment to its fixed assets as on the Balance Sheet date. Pursuant to such exercise it is determined that there has been no impairment to its fixed assets during the year.
- There are no changes proposed to the previously assessed residual useful life of the assets.

**4B Right of Use Asset**

Particulars	Amount
<b>As at 1st April 2020</b>	<b>102.87</b>
Additions	-
Disposals/Impairment	102.87
<b>As at 31st March 2021</b>	<b>-</b>
Additions	-
Disposals/Impairment	-
<b>As at 31st March 2022</b>	<b>-</b>
Depreciation	
<b>As at 1st April 2020</b>	<b>42.56</b>
Charge for the Year	5.30
Disposals	47.85
<b>As at 31st March 2021</b>	<b>-</b>
Charge for the Year	-
Disposals	-
<b>As at 31st March 2022</b>	<b>-</b>
<b>Net Block</b>	
<b>As at 31st March 2022</b>	<b>-</b>
<b>As at 31st March 2021</b>	<b>-</b>

**Disclosures under IND AS 116 “Leases”**

During the year ended March 31, 2022, there are no Right of Use assets and accordingly Finance Cost, Depreciation on account of lease accounting is Nil. and during the year ended March 31, 2021, Rs. 1.82 Lakhs has been accounted as Finance Cost and Rs. 5.30 Lakhs as Depreciation against the payment liability of Rs.6.99 Lakhs.

**4C Intangible Asset**

Particular	Software
<b>Cost</b>	
<b>As at 1st April 2020</b>	<b>12.59</b>
Additions	0.65
Disposals/Adjustments	0.37
<b>As at 31st March 2021</b>	<b>12.86</b>
Additions	10.15
Disposals/Adjustments	-
<b>As at 31st March 2022</b>	<b>23.01</b>
Depreciation	
<b>As at 1st April 2020</b>	<b>8.74</b>
Charge for the Year	0.91
Disposals	-
<b>As at 31st March 2021</b>	<b>9.64</b>
Charge for the Year	0.97
Disposals	-
<b>As at 31st March 2022</b>	<b>10.62</b>
<b>Net Block</b>	
<b>As at 31st March 2022</b>	<b>12.40</b>
<b>As at 31st March 2021</b>	<b>3.22</b>

**4D Intangible Under Development**

Period	Software under Development
<b>As at April 01,2020</b>	<b>11.50</b>
For the Period	8.53
Expensed off	2.90
Capitalised	-
<b>As at March 31, 2021</b>	<b>17.13</b>
For the Period	
Expensed off	9.60
Capitalised	7.53
<b>As at March 31, 2022</b>	<b>-</b>

**Intangible Under Development aging schudule as at 31st March 2022**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	-	-	-	-	-
Project temporarily suspended	-	-	-	-	-

**Intangible Under Development aging schudule as at 31st March 2021**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	7.53	-	-	-	7.53
Project temporarily suspended	-	9.60	-	-	9.60



		As at	
		March 31, 2022	March 31, 2021
5	<b>Goodwill on Consolidation</b>	20.12	20.12
		<b>20.12</b>	<b>20.12</b>

		As at		As at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
6	<b>Financial Assets</b>	Non- Current		Current	
6.1	<b>A Other Investments (At FVTPL)</b>				
	Mutual Funds	-	-	35.74	34.28
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>35.74</b>	<b>34.28</b>

**A Quoted**

In Mutual Funds	March 31, 2022		March 31, 2021	
	No of units	Amount	No of units	Amount
Axis Banking & PSU Debt-G	551.47	11.81	551.47	11.36
IDFC Banking & PSU Debt Reg-G	59,745.72	11.96	59,745.72	11.49
IDFC Corporate Bond Reg-G	76,107.56	11.98	76,107.56	11.43
	<b>136,404.74</b>	<b>35.74</b>	<b>136,404.74</b>	<b>34.28</b>

		As at		As at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
6.2	<b>Trade Receivables</b>	Non- Current		Current	
	(Unsecured at Amortised Cost)				
i)	Considered good	-	-	8,211.21	5,389.99
ii)	Considered doubtful	-	-	114.95	114.95
	Less : Expected credit Loss	-	-	(225.09)	(162.43)
		<b>-</b>	<b>-</b>	<b>8,101.07</b>	<b>5,342.51</b>

**A Expected Credit Loss:**

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India. Periodically, the Group evaluates all customer dues to the Group for collectability. The need for impairment is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customers operates, general economic factors, which could affect the customer's ability to settle. More than 95% of the Group's customers have been transacting with the Group for over five years and none of these customers' balance are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivable balances. The Life time credit loss write off during the year arises more out of the disputes or charges rather than credit impairment.

Since the Group Calculates impairment under the simplified approach the Group does not track the changes in credit risk of trade receivables the impairment amount represents lifetime expected credit loss. Hence the additional disclosures in trade receivables for changes in credit risk and credit impaired trade receivable are not disclosed.

**Movement in the expected credit loss allowance**

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the period	162.43	138.01
Impairment loss recognised	68.63	47.18
Amount written off during the period	(5.96)	(22.75)
<b>Provision at the end of the period</b>	<b>225.09</b>	<b>162.43</b>

**Aging of Trade receivables as at 31st March 2022**

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>i) Undisputed Trade Receivables</b>							
- considered good	5,241.39	2,323.35	126.44	89.67	105.11	325.25	8,211.21
- considered doubtful	-	-	-	-	-	-	-
<b>ii) Disputed Trade Receivables</b>							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	114.95	114.95
	<b>5,241.39</b>	<b>2,323.35</b>	<b>126.44</b>	<b>89.67</b>	<b>105.11</b>	<b>440.20</b>	<b>8,326.16</b>
Less : Expected credit Loss							225.09
							<b>8,101.07</b>

**Aging of Trade receivables as at 31st March 2021**

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>i) Undisputed Trade Receivables</b>							
- considered good	3,365.11	1,209.32	209.02	222.72	281.88	101.95	5,389.99
- considered doubtful	-	-	-	-	-	-	-
<b>ii) Disputed Trade Receivables</b>							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	114.95	114.95
	<b>3,365.11</b>	<b>1,209.32</b>	<b>209.02</b>	<b>222.72</b>	<b>281.88</b>	<b>216.90</b>	<b>5,504.94</b>
Less : Expected credit Loss							162.43
							<b>5,342.51</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>6.3 Loans and Advances</b>				
(Unsecured Considered goods)				
i) Rent Deposits	-	-	24.21	19.39
ii) Earnest Money Deposits	118.76	36.53	-	-
iii) Other Security Deposits	1.94	1.94	-	-
iv) Loans to others	121.94	143.44	12.25	13.30
	<b>242.64</b>	<b>181.91</b>	<b>36.45</b>	<b>32.69</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>6.4 Cash and Bank Balances</b>				
<b>A Cash and cash equivalents</b>				
i) Balances with banks	-	-	504.24	1,643.51
ii) Cash on hand	-	-	2.80	1.44
iii) Cheques in hand	-	-	-	-
iv) Fixed Deposits with Bank	-	-	-	-
	-	-	<b>507.04</b>	<b>1,644.95</b>
<b>B Other Bank Balances</b>				
i) In Earmarked Accounts (*)	-	-	-	-
ii) Term Deposits with Banks (**)	-	-	218.98	413.98
<b>Total</b>	-	-	<b>218.98</b>	<b>413.98</b>

(\*) These are held as margin money or security against borrowings, guarantees and other commitments

(\*\*) These are lien and/or pledged against short term credit facilities with banks

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>6.5 Others</b>				
Unsecured Considered Good				
i) Contract Asset				
- Security Deposit and Retentions	665.54	682.22	-	-
- Unbilled Revenue	-	-	700.00	664.00
ii) Reimbursement Right for Gratuity-Contract Staff	162.08	129.81	82.75	103.98
iii) Interest Accrued On Deposits	-	-	9.24	-
iv) Term Deposits with Banks	999.92	821.85	-	-
v) Other Receivables	-	-	556.88	8.16
	<b>1,827.54</b>	<b>1,633.88</b>	<b>1,348.88</b>	<b>776.14</b>

	As at	
	March 31, 2022	March 31, 2021
<b>7 Deferred Tax Asset</b>		
<b>a) Deferred Tax Asset on account of :</b>		
i) Depreciation due to timing difference	0.67	1.00
ii) Unabsorbed depreciation	0.96	0.61
iii) Business Loss	15.35	15.36
	<b>16.98</b>	<b>16.97</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>8 Other Assets</b>				
i) Capital Advances	59.85	59.85	-	-
ii) Prepaid Expenses	-	-	108.71	111.08
iii) Prepaid Taxes (Net of Provision of Tax)	1,311.42	676.58	-	-
iv) Advance to suppliers	-	-	31.18	23.38
v) Balances with Tax Authorities	-	-	18.94	13.32
vi) Staff Advances	-	-	18.39	17.37
vii) Prepaid Gratuity	-	-	-	2.17
<b>Total</b>	<b>1,371.27</b>	<b>736.43</b>	<b>177.23</b>	<b>167.32</b>

	As at	
	March 31, 2022	March 31, 2021
<b>9 Equity Share capital</b>		
i) Authorised shares :		
March 31, 2022: 2,00,00,000 Equity shares of Rs 10/- each	2,000.00	2,000.00
March 31, 2021: 2,00,00,000 Equity shares of Rs 10/- each		
<b>Total</b>	<b>2,000.00</b>	<b>2,000.00</b>
ii) Issued and subscribed and Paid-up shares :		
March 31, 2022: 1,47,84,000 Equity shares of Rs 10/- each	1,478.40	1,478.40
March 31, 2021 : 1,47,84,000 Equity Shares of Rs. 10/- each		
<b>Total</b>	<b>1,478.40</b>	<b>1,478.40</b>
<b>Total paid-up share capital</b>	<b>1,478.40</b>	<b>1,478.40</b>

**a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year**

	As at			
	March 31, 2022		March 31, 2021	
	Number	Amount	Number	Amount
Balance, beginning of the year	14,784,000	1,478.40	14,784,000	1,478.40
Issued during the year	-	-	-	-
<b>Balance, end of the year</b>	<b>14,784,000</b>	<b>1,478.40</b>	<b>14,784,000</b>	<b>1,478.40</b>

**b) Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c) Details of shareholders holding more than 5% shares in the Company

	As at			
	March 31, 2022		March 31, 2021	
	Number	%	Number	%
<b>Equity Shares</b>				
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%
	<b>9,777,500</b>	<b>66.14%</b>	<b>9,777,500</b>	<b>66.14%</b>

d) As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

## e) Shares held by Promoters

Promoter Name	As at 31 March 2022		As at 31 March 2021		% of change during the year
	No of Shares	% of total Shares	No of Shares	% of total Shares	
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%	0.00%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%	0.00%
Ms. Naini Kulkarni	651,000	4.40%	542,500	3.67%	0.73%
Mr. Ninad Kulkarni	-	0.00%	108,500	0.73%	-0.73%
Mr. Aditya Sanghavi	162,750	1.10%	162,750	1.10%	0.00%
Ms. Ami Sanghavi	271,250	1.83%	271,250	1.83%	0.00%
<b>Total</b>	<b>10,862,500</b>	<b>73.47%</b>	<b>10,862,500</b>	<b>73.47%</b>	<b>0.00%</b>

## 10 Other Equity

	As at	
	March 31, 2022	March 31, 2021
i) Retained Earnings	5,689.72	4,897.69
ii) Securities Premium Account	1,492.29	1,492.29
iii) General Reserve	690.46	567.37
iv) Other Comprehensive Income	118.04	71.41
	<b>7,990.51</b>	<b>7,028.76</b>



**11 Financial Liabilities (at amortized cost)**

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>11.1 Long term borrowings</b>				
<b>(i) Loan from Non Banking Financial Institutions</b>				
Vehicle Loan	-	-	-	1.09
Working Capital Loan	-	-	-	-
Less: Shown under other financial liabilities (Refer Note 10.5)	-	-	-	(1.09)
<b>(ii) Loan from others</b>	-	-	-	-
	-	-	-	-
The break-up of above:				
Secured	-	-	-	1.09
Unsecured	-	-	-	-

**Security for loans and Terms of payment**
**In respect of Vehicle Loans**

Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 59 equated monthly instalments of Rs 55,330/- each (including interest), commencing from Jun 16 onwards. The loan has been paid off during the year.

Maturity Profile of Borrowings	As at	
	March 31, 2022	March 31, 2021
Instalment payable within one year	-	1.09
Instalment payable between 2 to 5 years	-	-
Instalment payable beyond 5 years	-	-
<b>Total</b>	<b>-</b>	<b>1.09</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>11.2 Lease Liability-ROU Assets</b>				
i) Lease Liability	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**I Disclosure in accordance with Ind AS - 116 “Leases”, of the Companies ( Indian Accounting Standards) Rules, 2015**
**(a) Movement in Lease Liabilities**

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning	-	67.80
Addition during the year	-	-
Interest on lease liabilities	-	1.82
Lease Payments	-	6.99
Deletion	-	(62.62)
<b>Closing</b>	<b>-</b>	<b>-</b>

**(b) Maturity Profile of Lease Liabilities**

The table below provides details regarding Contractual Maturities of Lease Liability on an undiscounted basis.

Ageing	March 31, 2022	March 31, 2021
Within One year	-	-
Two to Five years	-	-
More than Five years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

- (c) The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

	As at	
	March 31, 2022	March 31, 2021
<b>11.3 Short Term Borrowings (at amortised cost)</b>		
<b>(Secured)</b>		
Cash Credit Facility	643.03	352.60
<b>Total</b>	<b>643.03</b>	<b>352.60</b>
<b>Breakup of Cash Credit Facilities</b>		
HSBC Bank Limited	293.02	-
Yes Bank Limited	350.01	352.60
<b>Total</b>	<b>643.03</b>	<b>352.60</b>

**Security for loans and Terms of payment**

In respect of Cash Credit, working capital demand loan and Bank guarantees from HSBC Bank Limited

- Pari Passu charge on Current Assets and fixed assets.
- Exclusive Charge over Property situated at Office no. 901, 9th floor, B2, Marathon Nextgen Innova, Lower Parel, Mumbai 400013.
- Personal Guarantee from Mr. Jaydev Sanghavi and Mr. Virendra Sanghavi
- 15% Deposits under lien

**In respect of Cash Credit, working capital demand loan and Bank guarantees from Yes Bank Limited**

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

**In respect of Cash Credit, working capital demand loan and Bank guarantees from HDFC Bank Limited**

- First charge on Parri Passu basis with HSBC and Yes Bank by the way of Hypothecation on all present and future book debts of the Company.
- Fixed Deposit of Rs. 30,00,000/- under lien
- Exclusive charge on Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.

		As at	
		March 31, 2022	March 31, 2021
<b>11.4 Trade Payables (at amortised cost)</b>			
i)	Trade payables - Micro, small and medium enterprises	0.10	-
ii)	Trade payables - Others	1,018.94	542.47
<b>Total</b>		<b>1,019.04</b>	<b>542.47</b>

**a) Amounts due to Micro, Small and Medium Enterprises**

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 is relied upon by the auditors.

**Trade Payables aging schedule as at 31st March 2022**

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>i) Undisputed Trade Payables</b>					-
MSME	0.10	-	-	-	0.10
Others	1,017.30	1.51	0.13	-	1,018.94
<b>ii) Disputed Trade Payables</b>					-
MSME	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>1,017.40</b>	<b>1.51</b>	<b>0.13</b>	<b>-</b>	<b>1,019.04</b>

**Trade Payables aging schedule as at 31st March 2021**

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>i) Undisputed Trade Payables</b>					-
MSME	-	-	-	-	-
Others	542.34	0.13	-	-	542.47
<b>ii) Disputed Trade Payables</b>					-
MSME	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>542.34</b>	<b>0.13</b>	<b>-</b>	<b>-</b>	<b>542.47</b>

		As at		As at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Non- Current		Current	
<b>11.5 Other Financial Liabilities (At Amortised Cost)</b>					
i)	Current Maturities of Long term Borrowings	-	-	-	1.09
ii)	Advance from Customers	-	-	-	-
iii)	Employee Liabilities	-	-	2,353.05	1,607.59
iv)	Employee Benefit Liability-Contract Staff	162.08	129.81	82.75	103.98
v)	Others	-	-	12.98	5.66
		<b>162.08</b>	<b>129.81</b>	<b>2,448.78</b>	<b>1,718.32</b>

		As at	
		March 31, 2022	March 31, 2021
<b>12</b>	<b>Deferred Tax Liability</b>		
	<b>a) Deferred Tax Liability on account of :</b>		
	i) Depreciation due to timing difference	47.73	43.91
	<b>b) Deferred Tax Asset on account of :</b>		
	i) Employee Benefits	17.51	11.02
	ii) Right of Use Asset	-	-
		<b>30.22</b>	<b>32.89</b>

		As at		As at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Non- Current		Current	
<b>13</b>	<b>Other Liabilities</b>				
	i) Duties and Taxes payable	-	-	1,120.77	735.85
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,120.77</b>	<b>735.85</b>

		As at		As at	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Non- Current		Current	
<b>14</b>	<b>Provisions</b>				
	i) Provision for Employee Benefits				
	Provision for Gratuity	-	-	4.75	-
		<b>-</b>	<b>-</b>	<b>4.75</b>	<b>-</b>

**a) Disclosure in accordance with Ind AS – 19 “Employee Benefits”, of the Companies (Indian Accounting Standards) Rules, 2015.**

The Group has carried out the actuarial valuation of Gratuity liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs. The Company's gratuity liability is Funded.

**i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year for Core Staff is as follow:**

Particulars	As on March 31, 2022	As on March 31, 2021
<b>(a) Reconciliation of opening and closing balances of Defined benefit Obligation</b>		
Defined Benefit obligation at the beginning of the year	92.09	83.19
Current Service Cost	11.49	10.81
Interest Cost	5.67	5.43
Actuarial (Gain) /Loss-Other Comprehensive Income	(4.00)	(4.02)
Benefits paid	(3.32)	(3.32)
Defined Benefit obligation at the year end	101.93	92.09

<b>(b) Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair Value of plan assets at the beginning of the year	94.26	69.90
Adjustment to the Opening fund	-	1.43
Expected return on Plan Assets	0.08	8.08
Interest Income	6.17	4.88
Employer Contribution	-	13.29
Benefits Paid	(3.32)	(3.32)
Fair Value of Plan Assets at the year end	-	-
<b>Actual Return on Plan Assets</b>	<b>97.18</b>	<b>94.26</b>
<b>(c) Reconciliation of fair value of assets and obligations</b>		
Fair Value of Plan Assets	97.18	94.26
Present value of Defined Benefit obligation	101.93	92.09
<b>Liability recognized in Balance Sheet</b>	<b>4.75</b>	<b>(2.17)</b>
<b>(d) Expenses recognized during the year (Under the head “ Employees Benefit Expenses)</b>		
Current Service Cost	11.49	10.81
Interest Cost	5.67	5.43
Expected Rate of return on Plan Assets	0.08	8.08
<b>Net Cost</b>	<b>17.23</b>	<b>24.32</b>
<b>(e) Actuarial (Gain)/Loss- Other Comprehensive Income</b>	<b>(4.07)</b>	<b>(12.10)</b>
<b>(f) Net liabilities recognised in the balance sheet</b>		
Long-term provisions	4.75	-
Short-term provisions/(Loans and Advances)	(0.00)	(2.17)
	<b>4.75</b>	<b>(2.17)</b>
<b>ii) Actuarial Assumptions</b>		
<b>Particulars</b>	<b>As on March 31, 2022</b>	<b>As on March 31, 2021</b>
Discount rate (per annum)	6.80%	6.50%
Rate of escalation in salary (per annum)	7.00%	7.00%
Attrition Rate		
Younger Age	50%	50%
Older Age	5%	5%
Rate of return on plan assets (per annum)	6.80%	6.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the Group fully or partially pre-fund the liabilities under the plan. Since the liabilities are un funded there is no asset liability matching strategy devised for the plan.



iii) **Sensitivity analysis****A quantitative Sensitivity analysis for significant assumption**

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
<b>Changes in Assumption</b>			
March 31, 2022	0.50%	0.50%	10.00%
March 31, 2021	0.50%	0.50%	10.00%
<b>Increase in assumption</b>			
March 31, 2022	(98.69)	104.78	102.01
March 31, 2021	(89.03)	94.90	92.05
<b>Decrease in assumption</b>			
March 31, 2022	105.38	(99.12)	(101.83)
March 31, 2021	95.36	(89.43)	(92.12)

(iv) **Actuarial Risk:****A Actuarial Risk**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**B Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**C Liquidity Risk**

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the Group there can be strain on the cashflows.

**D Market Risk:**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**E Legislative Risk:**

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

		As at	
		March 31, 2022	March 31, 2021
<b>15</b>	<b>Current Tax Liabilities (Net)</b>		
a)	Provision for Tax (Net of Taxes Paid)	-	-
		-	-
		Year Ended March 2022	Year Ended March 2021
<b>16</b>	<b>Revenue from Operations</b>		
i)	Revenue from Manpower Services		
	Supply of Manpower and Consultancy Fees	26,953.39	18,799.28
	Fees for Business Consultancy	1,393.76	1,212.66
	Fees for Placement Services	-	0.33
ii)	Other Operating Revenue	507.55	166.29
		<b>28,854.71</b>	<b>20,178.56</b>

**I Disclosure in accordance with Ind AS - 115 “Revenue Recognition Disclosures”, of the Companies ( Indian Accounting Standards) Rules, 2015**

**a) Revenue disaggregation based on Service Type and Customer type:**

**(i) Revenue disaggregation by type of Service is as follows:**

Major Service Type	2021-22	2020-21
Manpower Supply and Consultancy Fees	26,953.39	18,799.28
Fees for Business Consultancy	1,393.76	1,212.66
Fees for Placement Services	-	0.33
Reimbursement Income for Services Provided	507.55	166.29
	<b>28,854.71</b>	<b>20,178.56</b>

**(ii) Revenue disaggregation by Customer Type is as follows:**

Customer Type	2021-22	2020-21
Government Companies	9,607.99	7,965.54
Non Government Companies	19,246.72	12,213.02
	<b>28,854.71</b>	<b>20,178.56</b>

**(iii) Movement in Contract Balances**

Particulars	Opening	Billed for the Financial Year	Addition during the year	Closing
Advance from Customers				
March 2022	-	-	-	-
March 2021	-	-	-	-

Particulars	Opening	Billed/ Reversed for the Financial Year	Addition during the year	Closing
Unbilled Revenue				
March 2022	664.00	664.00	700.00	700.00
March 2021	334.92	334.92	664.00	664.00

**(iv) Performance Obligation**

Performance obligation is satisfied on rendering of services and as agreed in the contract with the customers. The payment is generally due within 0-30 days.

	Year Ended March 2022	Year Ended March 2021
<b>17 Other Income</b>		
i) Interest Income on Financial Assets at FVTPL	1.46	2.65
ii) Interest Income on Fixed Deposits	100.86	41.56
iii) Interest Income on Loans and Advances	0.64	0.34
iv) Profit on Sale of Property, Plant and Equipment	-	-
v) Reversal of Provision for Expected Credit Loss	-	-
vi) Interest Income on Financial Assets at amortised cost	-	10.85
vii) Interest Income on Income Tax Refund	-	170.04
viii) Sundry Balance written Back	0.11	4.16
ix) Miscellaneous income	14.82	-
	<b>117.88</b>	<b>229.61</b>
<b>18 Employee Benefit Expenses</b>		
i) Salaries & Wages, Bonus, Perquisites, etc	19,973.07	14,314.86
ii) Contribution to Provident, Gratuity funds	1,151.13	919.34
iii) Managerial Remuneration	336.00	336.00
iv) Staff Insurance	173.73	121.33
v) Staff Welfare	31.98	15.12
	<b>21,665.92</b>	<b>15,706.65</b>
<b>19 Finance Cost</b>		
i) Interest Expense on Lease Liability	-	1.82
ii) Interest on Borrowings	68.58	52.53
iii) Interest on Income Tax	-	-
iv) Interest on Indirect Taxes	4.55	2.31
	<b>73.13</b>	<b>56.66</b>
<b>20 Depreciation and Amortization</b>		
i) Depreciation on Property, Plant & Equipment	102.36	92.07
ii) Depreciation on Right of Use Assets	-	5.30
<b>Total</b>	<b>102.36</b>	<b>97.37</b>

	Year Ended March 2022	Year Ended March 2021
<b>21 Other expenses</b>		
Assets Scrapped	-	0.53
Remuneration to Auditor	14.90	11.57
Remuneration to Component Auditors	1.19	3.46
Directors Remuneration	3.00	3.60
Travelling Expenses	568.52	427.25
Expected Credit Loss	68.63	47.18
Site related Expenses	742.18	132.60
Consumables purchased	151.09	136.76
Professional Fees - Project	3,125.67	1,844.36
Rates and Taxes	3.72	0.78
Power and Fuel	15.18	19.57
Rent	122.26	87.74
Membership & Subscription	8.33	12.09
Health and Safety Expenses	112.53	59.84
Housekeeping Expenses	10.49	9.27
Insurance Charges	8.73	10.23
Advertisement Expenses	26.04	14.59
Donation	2.76	2.10
Motor Car Expenses	8.64	5.57
Food and Accommodation Expenses	478.34	378.36
Printing and Stationery Expenses	17.91	10.55
Legal & Professional Charges	120.96	92.21
Business Promotion Expenses	9.50	1.32
Telephone Charges	20.95	15.87
Bank Charges	50.55	18.77
Corporate Social Responsibility Expenses	9.33	32.41
Water Charges	6.58	6.28
Repairs and Maintenance Expenses	15.30	9.36
Foreign Exchange Loss	1.75	3.88
Loss on disposal of Fixed Assets	16.79	-
Office Maintenance Expenses	10.88	13.17
Other Expenses (None of which individually forms more than 1% of the Operating Revenue)	163.42	105.43
<b>Total</b>	<b>5,916.12</b>	<b>3,516.70</b>
<b>a) Payment to auditors</b>		
Audit fee	9.75	8.68
Tax Matters	3.10	2.48
Others	2.05	0.41
<b>Total payments to auditors</b>	<b>14.90</b>	<b>11.57</b>

	Year Ended March 2022	Year Ended March 2021
<b>b) Payment to Component auditors</b>		
Audit fee	1.19	3.46
Tax Audit	-	-
Tax Matters	-	-
<b>Total payments to Component auditors</b>	<b>1.19</b>	<b>3.46</b>

**22 TAX EXPENSE****a) Income tax expense in the statement of profit and loss consists of:**

Current Tax	11.00	-
Short/Excess Provision of Tax	-	(97.55)
Minimum alternative tax entitlement	-	80.60
Deferred Tax	(2.68)	1.72
<b>Income tax recognised in statement of profit or loss</b>	<b>8.32</b>	<b>(15.23)</b>

**b) The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows :****A Current Tax**

Accounting Profit Before Income Tax	1,215.05	1,030.79
Less : Non taxable profit or Loss of Subsidiaries	(24.22)	179.77
Taxable Profit or loss	1,239.28	851.03
Enacted tax rates in India (%)	25.168%	25.168%
Computed expected tax expenses	311.90	214.19
Effect of non- deductible expenses	100.49	108.90
Effects of deductible Expenses	(401.39)	(323.09)
Income tax expenses - Net	11.00	(0.00)
Tax liability as per Minimum Alternate Tax on book profits		
Minimum Alternate Tax rate	0.00%	0.00%
Computed tax liability on book profits		
Tax effect on adjustments:		
1/5 portion of Opening IND AS Reserve as on April 1, 2018		
Effect of non deductible expense		
Differential MAT Provided in Subsequent year		
Minimum Alternate Tax on Book Profit	-	-
<b>Higher of A or B</b>	<b>11.00</b>	<b>-</b>

Note: The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits.

Therefore, the Company has reversed all the MAT credit during the year.



**B Deferred Tax**
**Deferred tax assets/(liabilities) in relation to:-**

Particulars	Opening	Recognised in P&L	Recognised in OCI	Closing
<b>As at April 01, 2020</b>	<b>36.50</b>	<b>(6.11)</b>	<b>-</b>	<b>30.38</b>
Property, Plant and Equipment	51.12	(7.21)	-	43.91
Employee benefits	(18.66)	7.63	-	(11.02)
Right of Use Asset	(2.08)	2.08	-	-
<b>As at March 31, 2021</b>	<b>30.38</b>	<b>2.50</b>	<b>-</b>	<b>32.89</b>
Property, Plant and Equipment	43.91	3.82	-	47.73
Employee benefits	(11.02)	(6.49)	-	(17.51)
Right of Use Asset	-	-	-	-
<b>As at March 31, 2022</b>	<b>32.89</b>	<b>(2.67)</b>	<b>-</b>	<b>30.22</b>

**23 Disclosure as required by Accounting Standard – IND AS 33 “Earning Per Share” of the Companies (Indian Accounting Standards) Rules 2015.**

**Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:**

Particulars	Year Ended March 2022	Year Ended March 2021
Net profit attributable to owners of the Holding Company	1,206.74	1,046.02
Outstanding equity shares at period end - Nos	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period – Basic	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period - Diluted	14,784,000	14,784,000
Earnings per Share - Basic (Rs.)	8.16	7.08
Earnings per Share - Diluted (Rs.)	8.16	7.08

**Reconciliation of weighted number of outstanding during the period:**

Particulars	Year Ended March 2022	Year Ended March 2021
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the period	14,784,000	14,784,000
Add : Issue of Equity Shares	-	-
<b>Total number of equity shares outstanding at the end of the period</b>	<b>14,784,000</b>	<b>14,784,000</b>
<b>Weighted average number of equity shares at the end of the period</b>	<b>14,784,000</b>	<b>14,784,000</b>
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	14,784,000	14,784,000
Weighted average number of equity shares used in calculating diluted EPS	14,784,000	14,784,000

**24 Contingent Liabilities**

Particulars	March 31, 2022	March 31, 2021
Bank Guarantees	1,557.99	1,058.02
<b>Total</b>	<b>1,557.99</b>	<b>1,058.02</b>

**25 Commitments**

Particulars	March 31, 2022	March 31, 2021
<b>Capital Commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account. (Net of Capital Advances)	-	-
<b>Total</b>	-	-

**26 Disclosure in accordance with Ind AS – 108 “Operating Segments”, of the Companies (Indian Accounting Standards) Rules, 2015.**

Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group’s performance In accordance with IND AS “Operating Segment”, The Group has only one reportable operating segment i.e. Manpower Supply and Consultancy Services.

Additional disclosure required as per Ind AS 108

Particulars	March 31, 2022	March 31, 2021
Revenue from geographical segment		
-Within India	27,460.95	18,965.90
-Outside India - UAE	1,393.76	1,212.66
<b>Total</b>	<b>28,854.71</b>	<b>20,178.56</b>

a) The non-current assets attributable to any particular geographical segment is not material for disclosure.

b) Major Customers

The top 1 customers account for 14% of the total revenue earned during the year ended March 31,2022 (March 31,2021:Top 1 customers accounted for 20% of the total revenue earned).

**27 Disclosure of Business Combination as per Ind AS 103**

I There are no new acquisitions taken place during the year ended March 31, 2022. During the year, AARVI ENCON STAFFING SERVICES W.L.L - QATAR(Aarvi - Qatar) has been incorporated. Aarvi Qatar will issue equity shares to Aarvi encon Ltd in Financial year 2022-23.

Goodwill

As there is no excess of fair value of assets and liabilities over the purchase consideration, no Goodwill has been recognized in this business combinations.

**28 Disclosure of interest in other entities as per Ind AS 112**
**I Consolidated financial statements comprises the financial statements of Aarvi Encon Limited, its subsidiaries as listed below:**

S. No.	Name of Entity	Principal place of business	Principal Activities	Proportion of ownership (%) as at March 31, 2021	Proportion of ownership (%) as at March 31, 2020
<b>(i)</b>	<b>Subsidiary companies</b>				
1	Aarvi Engineering & Consultants Private Limited	India	Manpower and Consultancy Service	100.00	100.00
2	Aarvi Encon FZE	UAE		100.00	100.00
3	Aarvi Encon Resources Limited - UK	UK		100.00	100.00
<b>(ii)</b>	<b>Entities significantly controlled</b>				
1	Aarvi Encon Staffing Services W.L.L - QATAR	Qatar	Manpower and Consultancy Service		
2	PT Aarvi Encon Services, Indonesia	Indonesia			
3	Aarvi Encon LLC, Oman	Oman			

**II The entity does not have any subsidiaries that have non controlling interests.**
**29 Disclosure in accordance with Ind AS - 24 “Related Party Disclosures”, of the Companies ( Indian Accounting Standards) Rules, 2015**
**Name of the related parties and related party relationships**
**A List of related parties**
**i Key Management Personnel**

Mr. Virendra Sanghavi, Managing Director  
 Mr. Jaydev Sanghavi, Executive Director & CFO  
 Ms Leela S. Bisht, Company Secretary & Compliance Officer

**ii Entities significantly influenced or controlled by Key Management Personnel or their relatives**

Energys Services Private Limited  
 Aarvi Encon Employees Group Gratuity Fund

**iii Relatives of Key Management Personnel**

Mrs. Niranjana V. Sanghavi (wife of Managing Director, deceased on 15th December, 2020)  
 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)  
 Ms. Nirali J. Sanghavi (Daughter of Executive Director)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
<b>Remuneration to Key Management Personnels (KMP)</b>				
Mr. Virendra Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Mr. Jaydev Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Ms Leela Bisht	-	4.45	-	4.45
	-	-	-	-
Mr. Jay Shah	-	-	-	-
	-	(4.83)	-	(4.83)
<b>Rent</b>				
Ms. Nirali J. Sanghavi	-	-	3.85	3.85
	-	-	-	-
<b>Salaries and wages</b>				
Mrs. Naini N. Kulkarni	-	-	23.89	23.89
	-	-	(22.75)	(22.75)
Mrs. Ami J. Sanghavi	-	-	8.19	8.19
	-	-	(7.80)	(7.80)
Mr. Aditya Sanghavi	-	-	2.70	2.70
	-	-	(0.30)	(0.30)
<b>Professional Fees Paid</b>				
Aarvi IT services	-	-	0.48	0.48
	-	-	-	-
<b>Director sitting fees</b>				
Mr. Devendra J Shrimanker, Independent Director	-	0.95		0.95
		(1.15)		(1.15)
Mrs. Sonal N Doshi, Independent Director	-	1.05		1.05
		(1.15)		(1.15)
Mrs. Padma V Devarajan, Independent Director	-	0.75		0.75
		(0.90)		(0.90)
Mr. Sharad Sanghi, Independent Director		0.25		0.25
		(0.40)		(0.40)
<b>Dividend paid</b>				
Mr. Virendra Sanghavi	-	151.90	-	151.90
	-	(43.40)	-	(43.40)
Mrs. Niranjana V Sanghavi	-	-	-	-
	-	-	(32.55)	(32.55)
Mr. Jaydev Sanghavi	-	43.65	-	43.65
	-	(21.72)	-	(21.72)
Mrs. Ami Jaydev Sanghavi	-	-	5.43	5.43
	-	-	(2.71)	(2.71)

Mr. Aditya Jaydev Sanghavi	-	-	3.26	3.26
		-	(1.63)	(1.63)
Mrs. Naini Ninad Kulkarni		-	10.85	10.85
		-	(5.43)	(5.43)
Mr. Ninad V. Kulkarni		-	2.17	2.17
		-	(1.09)	(1.09)
<b>Rent Deposit</b>				
Mr. Virendra Sanghavi	-	0.70	-	0.70
	-	(0.70)	-	(0.70)
<b>Outstanding</b>				
Mr. Virendra Sanghavi	-	58.92	-	58.92
	-	(78.99)	-	(78.99)
Mr. Jaydev Sanghavi	-	80.37	-	80.37
	-	(98.74)	-	(98.74)
Mrs. Naini N. Kulkarni	-	-	1.75	1.75
	-	-	(2.67)	(2.67)
Mrs. Ami J. Sanghavi	-	-	0.61	0.61
	-	-	(0.43)	(0.43)
Mr. Aditya J. Sanghavi	-	-	0.28	0.28
	-	-	(0.15)	(0.15)
Ms Nirali J. Sanghavi	-	-	0.31	0.31
	-	-	-	-

Figures above do not include IND AS Adjustments

For KMP Reimbursement of Expenses is not reported above

(Previous years figures are in bracket)

\* The managerial personnel are eligible for retirement benefits viz., gratuity and compensated absences in accordance with the policy of the Company. The proportionate retirement benefit expense pertaining to the managerial personnel has not been included in the aforementioned disclosures as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

### 30 Corporate Social Responsibility

#### For 2021-22

- Gross amount required to be spent by the Company during the year : Rs. 13.00 Lacs
- Excess amount spent for the Financial Year 2020-21 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 9.53 Lacs
- Amount to be spent in F.Y. 2021-22 : Rs 3.47 Lacs

d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	9.33	-	9.33
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister’s national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
<b>Total</b>	<b>9.33</b>	<b>-</b>	<b>9.33</b>

#### For 2020-21

a Gross amount required to be spent by the Company during the year : Rs. 22.87 Lacs

b Amount spent by the Group during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, [“promoting health care including preventive health care”] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	32.41	-	32.41
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister’s national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
<b>Total</b>	<b>32.41</b>	<b>-</b>	<b>32.41</b>

### 31 Derivative Instruments and Unhedged Foreign Currency Exposure

(i) There are no derivative instruments outstanding as at March 31, 2022 and March 31, 2021.

(ii) Unhedged foreign currency exposure towards receivables outstanding as at March 31, 2022 and March 31, 2021 is as under:

Particulars	As at			
	March 31,2022		March 31,2021	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
Trade Receivables				
a) USD	0.03	2.53	-	-



### 32 Significant accounting judgements, estimates and assumptions

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the grouping disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### 33 Financial Instruments

- i) The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

	Carrying Value		Fair Value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>a) Financial Assets</b>				
<b>Amortised Cost</b>				
Trade Receivable	8,101.07	5,342.51	8,101.07	5,342.51
Loans and Advances	279.09	214.60	279.09	214.60
Cash and cash equivalents	507.04	1,644.95	507.04	1,644.95
Other Bank balances	218.98	413.98	218.98	413.9
Other	3,176.42	2,410.02	3,176.42	2,410.0
<b>Total Financial Assets</b>	<b>12,282.60</b>	<b>10,026.05</b>	<b>12,282.60</b>	<b>10,026.05</b>
<b>b) Financial Liabilities</b>				
<b>Amortised Cost</b>				
Borrowings	643.03	353.70	643.03	353.70
Trade payables	1,019.04	542.47	1,019.04	542.47
Others	2,610.86	1,847.04	2,610.86	1,847.04
<b>Total Financial Liabilities</b>	<b>4,272.93</b>	<b>2,743.20</b>	<b>4,272.93</b>	<b>2,743.20</b>

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 34 Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2022 and March 31, 2021.

Particulars	Fair Value measurement using			
	Date of Valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair value</b>				
Mutual funds - Growth plan	31-Mar-22	35.74	-	-
<b>Total financial assets</b>		<b>35.74</b>	<b>-</b>	<b>-</b>
<b>Financial assets measured at fair value</b>				
Mutual funds - Growth plan	31-Mar-21	34.28	-	-
<b>Total financial assets</b>		<b>34.28</b>	<b>-</b>	<b>-</b>

### 35 Financial risk factors

#### Risk management framework

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Credit risk

Credit risk is the risk that counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and loans receivables, investments and other financial instruments.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities.

#### (c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risks include trade receivable and trade payable.

##### i. Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

##### ii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks.

**The Working Capital Position of the Group is given below:**

	<b>March 31, 2022</b>	<b>March 31, 2021</b>
<b>Current Assets</b>		
<b>Investment</b>	35.74	34.28
Trade receivable	8,101.07	5,342.51
Cash and Cash Equivalent	507.04	1,644.95
Bank Balance	218.98	413.98
Loans and Advances	36.45	32.69
Other Financial Asset	1,348.88	776.14
Other Current Assets	177.23	167.32
<b>Total</b>	<b>10,425.38</b>	<b>8,411.88</b>
<b>Less:</b>		
<b>Current Liabilities</b>		
Borrowings	643.03	353.70
Lease Liability	-	-
Trade Payables	1,019.04	542.47
Others	3,574.29	2,453.08
<b>Total</b>	<b>5,236.36</b>	<b>3,349.25</b>
<b>Net Working Capital</b>	<b>5,189.02</b>	<b>5,062.63</b>

**The table below provides details regarding the contractual maturities of significant financial liabilities :**

	<b>Less than 1 year</b>	<b>2-5 years</b>	<b>Total</b>
<b>As at March 31, 2022</b>			
Borrowings	643.03	-	643.03
Trade Payables	1,019.04	-	1,019.04
Other Financial Liabilities	2,448.78	162.08	2,610.86
<b>Total</b>	<b>4,110.85</b>	<b>162.08</b>	<b>4,272.93</b>
<b>As at March 31, 2021</b>			
Borrowings	352.60	-	352.60
Trade Payables	542.47	-	542.47
Other Financial Liabilities	1,718.32	129.81	1,848.13
<b>Total</b>	<b>2,613.39</b>	<b>129.81</b>	<b>2,743.20</b>

### **36 Capital management**

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, short term borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2022	March 31, 2021
Gross Debt	643.03	352.60
Less:		
Cash and Cash Equivalent	507.04	1,644.95
Other Bank Balances	218.98	413.98
Net debt (A)	(82.99)	(1,706.32)
<b>Total Equity (B)</b>	<b>9,468.91</b>	<b>8,507.16</b>
<b>Gearing ratio (A/B)</b>	<b>(0.01)</b>	<b>(0.20)</b>

### 37 Transactions with companies struck off

There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

### 38 Financial Ratios

Particulars	March 31, 2022	March 31, 2021
<b>a) Current ratio</b>		
Current Assets	10,425.39	8,411.87
Current Liabilities	5,236.36	3,349.24
<b>Current ratio</b>	<b>1.99</b>	<b>2.51</b>
<b>b) Debt-Equity ratio</b>		
Debt	643.03	352.60
Equity	9,468.91	8,507.16
<b>Debt-Equity ratio</b>	<b>0.07</b>	<b>0.04</b>
<b>c) Debt service coverage ratio</b>		
EBIDTA	1,390.55	1,184.82
Debt service	68.58	68.58
<b>Debt service coverage ratio</b>	<b>20.28</b>	<b>17.28</b>
<b>d) Return on equity ratio</b>		
<b>Net Profits after taxes</b>	<b>1,206.74</b>	<b>1,046.02</b>
<b>e) Average Shareholder's Equity</b>	<b>8,988.03</b>	<b>8,069.79</b>
Return on equity ratio	0.13	0.13
Inventory turnover ratio		
sales	N.A.	N.A.
Average Inventory	N.A.	N.A.
	<b>N.A.</b>	<b>N.A.</b>
<b>f) Trade receivables turnover ratio</b>		
Net Credit Sales	28,854.71	20,178.56
Average Accounts Receivable	6,721.79	5,572.63
<b>Trade receivables turnover ratio</b>	<b>4.29</b>	<b>3.62</b>
<b>g) Trade payables turnover ratio</b>		
Net Credit Purchases	N.A.	N.A.
Average Trade Payables	N.A.	N.A.
<b>Trade payables turnover ratio</b>	<b>N.A.</b>	<b>N.A.</b>

<b>h) Net capital turnover ratio</b>		
Net Sales	28,854.71	20,178.56
Working Capital	5,189.03	5,062.63
<b>Net capital turnover ratio</b>	<b>5.56</b>	<b>3.99</b>
<b>i) Net profit ratio</b>		
Net Profit	1,206.74	1,046.02
Net Sales	28,854.71	20,178.56
<b>Net profit ratio</b>	<b>4.18%</b>	<b>5.18%</b>
<b>j) Return on capital employed</b>		
Earning before interest and taxes	1,288.19	1,087.45
Capital Employed	10,142.15	8,892.65
<b>Return on capital employed</b>	<b>12.70%</b>	<b>12.23%</b>
<b>k) Return on investment</b>		
Net Profit	1,215.05	1,030.79
Net Investment	10,111.94	8,859.76
<b>Return on investment</b>	<b>12.02%</b>	<b>11.63%</b>

### 39 Disclosure as required under Schedule III of the Companies Act, 2013

The disclosure of breakup of net assets and profit after tax, entity wise is given in Statement 2 attached.

- 40** The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Group for the year ended March 31, 2022.

The accompanying notes form an integral part of the consolidated financial statements

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

## Statement 2

Disclosure as per Schedule III of Companies Act, 2013

(Rs. in lakhs)

Name of the entity	2021-22						2020-21					
	Net Assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in OCI		Net Assets, i.e. total assets minus total liabilities		Share in profit or loss		Share in OCI	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or loss	Amount (Rs.)	As % of consolidated OCI	Amount (Rs.)	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or loss	Amount (Rs.)	As % of consolidated OCI	Amount (Rs.)
<b>a) Parent</b>												
Aarvi Encon Limited	86.35%	8,183.15	101.33%	1,230.94	8.04%	4.07	85.15%	7,243.81	82.74%	865.47	-51.64%	12.11
<b>b) Subsidiaries</b>												
Aarvi Engineering & Consultants Private Limited	0.50%	47.26	-0.05%	(0.57)	0.00%	-	0.56%	47.83	0.24%	2.47	-0.00%	0.00
Aarvi Encon FZE	13.16%	1,246.75	-1.27%	(15.38)	91.95%	46.62	14.29%	1,215.51	17.02%	178.08	151.64%	(35.55)
Aarvi Encon Resources Limited - UK	-0.00%	(0.09)	-0.02%	(0.19)	0.02%	0.01	0.00%	0.01	0.00%	-	0.00%	-
<b>Grand Total</b>	<b>100.00%</b>	<b>9,477.06</b>	<b>100.00%</b>	<b>1,214.79</b>	<b>100.00%</b>	<b>50.70</b>	<b>100.00%</b>	<b>8,507.17</b>	<b>100.00%</b>	<b>1,046.02</b>	<b>100.00%</b>	<b>(23.45)</b>



## 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, 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Financial Statements, including a summary of 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 financial statements give the information required by the Companies Act, 2013, as amended ("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 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) as 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 standalone 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 standalone financial statements under the provisions of the Act and 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 on the Standalone Financial Statements.

#### 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.

#### Key Audit Matter

##### 1. Revenue Recognition

The Company's contracts with customers include contracts with multiple services. The Company derives revenues from manpower supply and related services. The Company assesses the services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligations to determine the deliverables and the ability of the customer to benefit independently from such deliverables involves significant judgement.

As certain contracts with customers involve management's judgment in (1) identifying distinct performance obligations, (2) determining whether the Company is acting as a principal or an agent, revenue recognition from these judgments were identified as a key audit matter and required a higher extent of audit effort.

#### Auditor's Responses

##### Principal Audit Procedures

Our audit procedures related to the (1) identification of distinct performance obligations, (2) determination of whether the Company is acting as a principal or agent included the following among others:

- We tested the effectiveness of controls relating to the-
  - (a) identification of distinct performance obligations,
  - (b) determination of whether the Company is acting as a principal or an agent and
- We selected a sample of contracts with customers and performed the following procedures:
  - Obtained and read contract documents for each selection, including master service agreements, and other documents that were part of the agreement.
  - Identified significant terms and deliverables in the contract to assess management's conclusions regarding the- (i) identification of distinct performance obligations (ii) whether the Company is acting as a principal or an agent

## Key Audit Matter

### 2. 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, 2022 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. The Annual report is expected to be made available to us after the date of this Auditor's Report.

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 identified above when it becomes available 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 including other comprehensive income, cash flows and changes in equity 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 the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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.

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements, including the disclosure, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings. Including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements

for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

### **Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) order, 2020 ("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 1, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. 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 including the Statement of Other Comprehensive

Income, the Cash Flow Statement and Statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounts Standard) Rules, 2015, as amended.
- e) On the basis of written representations received from the directors as on 31 March 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022, 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 2'. 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 the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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.
  - iv. a) The management has represented that, to the best of its knowledge and belief, no

funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

- v. The dividend declared/paid during the year and subsequent to the year-end by the Company is in compliance with Section 123 of the Act.

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

**Arvind Shah**  
**(Proprietor)**  
**Membership No. 100/31224**  
**UDINo. : 22031224AJRQRF4926**

**Place : Mumbai.**  
**Date : 26<sup>th</sup> May, 2022**



## Annexure – 1 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 2022, we report that

- (I) (a) [A] The company is in process of maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
- [B] The company is in process of maintaining proper records showing full particulars of Intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has a regular program of physical verification of its property, plant and equipment by which property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this program, certain property, plant and equipment were verified during the year and material discrepancies were noticed on such verification which are written off in the books of accounts. 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.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (II) (a) The Company being in service sector, does not hold any physical inventories. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees during the year, in aggregate, from the banks or financial institutions on the basis of security of current assets and fixed assets. In our opinion, the statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (III) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments and also not provided any loans or advances in the nature of loans or guarantee or provided security to companies, firms, limited liability partnerships or any other parties during the year.
- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the guarantees provided during the year and the terms and conditions of the grant of loans and advances in the nature of loans during the year are not prejudicial to the interest of the Company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, in the case of loans and advances in the nature of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans and advances in the nature of loans given.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loans granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the over dues of existing loans or advances in the nature of loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to following Promoters, related parties as defined in the clause (76) of section 2 of the Companies Act, 2013.
- (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.

## Annexure – 1 to the Independent Auditor's Report

(V) The Company has not accepted deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2022 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, no undisputed amounts payable in respect of Goods and Service tax, provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, value added tax were in arrears, as at March 31, 2022 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, goods and service tax outstanding on account of any dispute subject to dues as per Income Tax Act, 1961 as given below:

Name of the Statute	Nature of Dues	Amounts (In Rs.)	Period to which the amount relates	Forum Where the dispute is pending
Income Tax Act, 1961	Income tax	2,58,50,875	A.Y-2017-18	CIT (Appeal)
Income Tax Act, 1961	Income tax	30,84,672	A.Y-2018-19	CIT (Appeal)
Income Tax Act, 1961	Income tax	1,16,07,077	A.Y. 2020-21	CIT (Appeal)

(VIII) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no such transactions found unrecorded in the books of accounts of the company which have been surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961.

(IX) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records

of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds raised on short term basis have been utilized for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries

(X) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (x)(a) of the Order is not applicable.

(b) Further 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, partly or optionally convertible debentures during the year.

(XI) (a) To the best of our knowledge and according to the information and explanations given to us, we report no fraud by the Company or on the Company has been noticed or reported during the year.

(b) According to the information and explanation given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As per information and explanation given by management and/or audit committee there were no whistle blower complaints received by the company during the year.



## Annexure – 1 to the Independent Auditor's Report

- (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) (a) In our opinion and based on our examination, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- (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) (a) & (b) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Hence reporting under clause 3 (xvi)(a) and clause 3 (xvi) (b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs.
- (XVII) The company is generally profit making company and there was no cash loss in the last financial year also.
- (XVIII) There has been no resignation of the statutory auditors of the company during the year and hence reporting under clause 3(xviii) of the Order is not applicable.
- (XIX) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans based on our examination of evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of audit report that Company is not capable of meeting its liabilities existing as at the balance date as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give no guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (XX) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

### For Arvind H. Shah & Co.

Chartered Accountants  
Firm Reg. No. 100577W

### Arvind Shah

(Proprietor)  
Membership No. 100/31224  
UDINo. : 22031224AJRQRF4926

Place : Mumbai.  
Date : 26<sup>th</sup> May, 2022

## Annexure – 2 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 2022 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 2022, 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  
Firm Reg. No. 100577W

#### Arvind Shah

(Proprietor)  
Membership No. 100/31224  
UDINo. : 22031224AJRQRF4926  
Place: Mumbai.

Date : 26<sup>th</sup> May, 2022

## Standalone Balance Sheet as at March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	1	974.60	996.50
(b) Right of Use Asset	2	-	-
(c) Other Intangible Assets	3	12.39	3.21
(d) Intangible Asset Under Development	4	-	17.13
(e) Financial Assets	5		
(i) Investments	5.1	67.43	67.43
(ii) Loans and Advances	5.3	120.70	63.56
(iii) Others	5.5	1,809.18	1,608.31
(f) Other non current assets	6	1,371.13	736.38
		<b>4,355.43</b>	<b>3,492.52</b>
<b>(2) Current Assets</b>			
(a) Financial Assets	5		
(i) Investments	5.1	-	-
(ii) Trade Receivable	5.2	6,923.58	4,871.81
(iii) Cash and cash equivalents	5.4	81.76	893.81
(iv) Other Bank Balances	5.4	218.98	413.98
(v) Loans and Advances	5.3	24.21	19.39
(vi) Others	5.5	1,357.22	776.14
(b) Other current assets	6	167.19	154.99
		<b>8,772.93</b>	<b>7,130.13</b>
<b>Total Assets</b>		<b>13,128.36</b>	<b>10,622.64</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	7	1,478.40	1,478.40
(b) Other Equity	8	6,704.74	5,765.41
		<b>8,183.14</b>	<b>7,243.81</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities	9		
(i) Borrowings	9.1	-	-
(ii) Lease Liability	9.2	-	-
(iii) Others	9.5	162.08	129.81
(b) Provisions	12	-	-
(c) Deferred Tax Liabilities (Net)	10	30.22	32.89
(d) Other Non-current liabilities	11	-	-
		<b>192.30</b>	<b>162.70</b>
<b>Current liabilities</b>			
(a) Financial Liabilities	9		
(i) Borrowings	9.3	643.03	352.60
(ii) Lease Liability	9.2	-	-
(iii) Trade payables	9.4	563.88	435.35
(iv) Others	9.5	2,437.27	1,696.01
(b) Other current liabilities	11	1,104.00	732.17
(b) Provisions	12	4.75	-
(c) Liabilities for current tax (net)	13	-	-
		<b>4,752.92</b>	<b>3,216.13</b>
<b>Total Equity and Liabilities</b>		<b>13,128.36</b>	<b>10,622.64</b>

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

## Statement of Profit and Loss for the year ended March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	Note Ref	Year ended March 31, 2022	Year ended March 31, 2021
I Revenue from Operations ( Gross)	14	27,451.40	18,965.57
II Other Income	15	121.18	228.98
<b>III Total Revenue (I + II )</b>		<b>27,572.58</b>	<b>19,194.55</b>
<b>IV Expenses:</b>			
Employee Benefit Expenses	16	21,499.32	15,492.83
Finance Cost	17	73.13	56.63
Depreciation and amortisation expense	18	101.80	96.93
Other Expenses	19	4,659.05	2,697.13
<b>Total Expenses (IV)</b>		<b>26,333.30</b>	<b>18,343.52</b>
<b>V Profit/(Loss) Before Tax (III-IV)</b>		<b>1,239.28</b>	<b>851.03</b>
<b>VI Tax Expense</b>	20		
1. Current Tax		11.00	-
2. Short/Excess Provision of Tax		-	(97.55)
3. Deferred Tax (Credit)/Charge		(2.67)	83.11
<b>Total Tax Expenses (VI)</b>		<b>8.33</b>	<b>(14.44)</b>
<b>VII Profit/(Loss) for the period ( V-VI)</b>		<b>1,230.94</b>	<b>865.47</b>
<b>VIII Other comprehensive income</b>			
A (i) Items that will not be reclassified to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		4.07	12.11
(ii) Income Tax relating to items that will not be reclassified to statement of profit and loss			
<b>Other Comprehensive Income for the year, net of tax</b>		<b>4.07</b>	<b>12.11</b>
<b>XIV Total comprehensive income for the year</b>		<b>1,235.02</b>	<b>877.58</b>
Earnings per Share			
Basic & Diluted	21	8.33	5.85

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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DIN:00759176

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

## Statement of Changes in Equity

(All figures are in lakhs unless otherwise stated)

### A Equity

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid				
Balance at the beginning of the reporting period	14,784,000	1,478.40	14,784,000	1,478.40
Changes in equity share capital during the year	-	-	-	-
Balance at the end of Reporting period	14,784,000	1,478.40	14,784,000	1,478.40

### B Other Equity

Particulars	Retained Earnings	Securities Premium	General Reserve	Total
<b>Balance as at April 1, 2020</b>	<b>2,976.02</b>	<b>1,492.29</b>	<b>567.37</b>	<b>5,035.67</b>
Profit/(Loss) for the year	865.47	-	-	865.47
Dividend & Dividend Distribution tax	(147.84)	-	-	(147.84)
Less : Deferred tax liability on above	-	-	-	-
Defined Benefit Obligation	12.11	-	-	12.11
<b>Balance as at 31 March 2021</b>	<b>3,705.75</b>	<b>1,492.29</b>	<b>567.37</b>	<b>5,765.41</b>
Profit/(Loss) for the year	1,230.94	-	-	1,230.94
Dividend & Dividend Distribution tax	(295.69)	-	-	(295.69)
Less : Transferred to General Reserve	(123.09)		123.09	-
Less : Deferred tax liability on above	-	-	-	-
Defined Benefit Obligation	4.07	-	-	4.07
<b>Balance as at 31 March 2022</b>	<b>4,521.99</b>	<b>1,492.29</b>	<b>690.46</b>	<b>6,704.75</b>

The General Reserve is a free reserve which is used from time to time to transfer profits from retained earnings for appropriation purposes.

Securities premium reserve is used to record the premium on issue of shares. The reserve is to be utilised in accordance with the provisions of Section 52 of Companies Act, 2013.

During FY 2017 -18, the Company had come up with the Initial Public Offer (IPO) and raised 21.24 Crores, out of which Security Premium of Rs. 17.30 Crores was raised.

Retained Earnings represents undistributed accumulated earnings of the Company as on the balance sheet date.

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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Executive Director & CFO  
DIN:00759042

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022

## Standalone Cash Flow Statement for the period ended March 31, 2022

(All amounts are Rupees in lakhs unless otherwise stated)

Particulars	2021-22	2020-21
<b>Cash flows from operating activities</b>		
Profit/(loss) before tax	1,239.28	851.03
<b>Adjustments:</b>		
Depreciation & amortisation	101.80	96.93
Re-measurement of defined benefit obligation	4.07	12.11
Interest expense	73.13	54.81
Interest expense on Lease Liability	-	1.82
Interest income	(106.37)	(224.82)
Liabilities no longer required written back	-	(4.16)
Expected Credit Loss	68.63	47.18
Loss on sale of property, plant and equipment	16.79	0.53
	158.05	(15.60)
<b>Operating cash flows before working capital changes and other assets</b>	1,397.33	835.43
Decrease/(increase) in Trade receivables	(2,120.39)	(85.17)
Decrease/(increase) in Financial Assets	(648.90)	(1,283.77)
Decrease/(increase) in Other Assets	(12.20)	(48.69)
(Decrease)/increase in Trade Payables	128.54	(22.80)
(Decrease)/increase in Financial Liabilities	773.52	354.00
(Decrease)/increase in Other Liabilities	376.58	6.10
	(1,502.85)	(1,080.32)
Cash generated from /used in operations	(105.52)	(244.89)
Income taxes refund / (paid), net	(645.75)	1,686.76
<b>Net cash generated from / used in operating activities</b>	(751.27)	1,441.87
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and CWIP	(88.75)	(40.97)
Interest Received	106.37	224.82
<b>Net cash generated from investing activities</b>	17.62	183.85
<b>Cash flows from financing activities</b>		
Repayment of long-term borrowings	-	(1.11)
Net Proceeds from short-term borrowings	290.42	-
Repayment of short-term borrowings	-	(521.50)
Lease Liability:		
Principal	-	(12.78)
Interest	-	(1.82)
Dividend & Dividend Distribution tax	(295.69)	(147.84)
Interest paid	(73.13)	(54.81)
<b>Net cash used in financing activities</b>	(78.40)	(739.85)
Net increase / decrease in cash and cash equivalents	(812.05)	885.87
Cash and cash equivalents at the beginning of the period	893.81	7.94
Cash and cash equivalents at the end of the period	81.76	893.81
	(812.05)	885.87

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022



## Statement of Significant Accounting policies and Other Explanatory Notes

### (A) Corporate Information

Aarvi Encon Limited (the "Company") is a HR Services Company incorporated as Aarvi Encon Private Limited on 03 December 1987 and the registered office is located at 603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (W) Mumbai 400013. The name of the Company has changed to Aarvi Encon Limited pursuant to conversion into a Public Limited company, vide Shareholder's approval on 13 June, 2017 and obtained a fresh certificate of incorporation dated 05 July 2017.

### (B) Significant Accounting Policies

#### I) Basis of Preparation

The Company is listed on the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020: The Company has completed the migration of its shares from National Stock Exchange (NSE) Emerge (SME segment) platform to the Main Board of National Stock Exchange of India Ltd w.e.f. 24th June, 2020.

These financial statements are Separate Financial Statements as per Ind AS 27 - Separate Financial Statements and are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial Statements are prepared under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### II) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

#### III) Summary of significant accounting policies

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle

##### (a) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **(b) Property, Plant and Equipment**

- i) Property, plant and equipment (PPE) are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of PPE includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of those PPE. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognized.
- ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.
- iii) The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.
- iv) Depreciation on all assets of the Company is charged on written down method over the useful life of assets mentioned in Schedule II to the Companies Act ,2013 or the useful life previously assessed by the management based on technical review whichever is lower for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.
- v) Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and the cost of property, plant and equipment not ready for their intended use before such date are disclosed under capital work-in-progress.

## **c) Intangible Assets**

- i) Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use.
- ii) Intangible assets under development are capitalized only if the Company is able to establish control over such assets and expects future economic benefit will flow to the Company.
- iii) Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

## **d) Borrowings**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset

for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

#### e) Impairment of Assets

Assets subject to amortization/depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

#### f) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities on the balance sheet.

#### g) Provisions

The Company recognizes a provision when: it has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

#### h) Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

#### i) Financial Instruments

##### (i) Financial Assets & Financial Liabilities Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate

fair value due to the short maturity of these instruments.

### **Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Explanatory Notes details how the entity determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### **Derecognition of financial instruments**

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### **(ii) Investments in associates**

Investments in associates are carried at cost in the Separate Financial Statements.

## **j) Revenue Recognition**

- i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

### **Manpower Services**

Revenue from manpower services is accounted at a point in time on accrual basis on performance of the services agreed in the contract with the customers.

### **Interest Income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

### **Dividends**

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

## **k) Taxes**

Tax expenses comprise Current Tax and Deferred Tax.:

**i) Current Tax:**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**ii) Deferred Tax:**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or

directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

**iii) Minimum Alternate Tax (MAT) Credit:**

The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits. Therefore, the Company has reversed all the MAT credit during the year.

**l) Earnings Per Share**

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**m) Dividend Distribution**

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.

**n) Foreign exchange transactions**

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.



## o) Employee benefits

### Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

### Post-employment benefits

#### i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

#### ii. Defined benefit plans -Gratuity

In accordance with the applicable

Indian laws, the Company provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. Actuarial gains and

losses are recognised in full in the other comprehensive income for the period in which they occur. Current service cost and the interest cost on obligation related to defined benefit plans are recognised in the statement of profit or loss.

## p) Leases

The following is the summary of the new and/or revised significant accounting policies related to Leases.

The Company, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Company has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.



## Notes to financial statements as at and for the year ended March 31, 2022

### 1 Property, Plant and Equipment

Details of Additions, Adjustments, Depreciation and Net Block Asset Class Wise-2021-22

(All figures are in Lakhs unless otherwise stated)

#### Tangible Assets

Particulars	Office Premises	Plant & Machinery	Electrical Installation	Furniture & Fixtures	Office Equipments	Computers	Vehicles	Total
<b>Cost</b>								
<b>As at 1st April 2020</b>	<b>1,133.25</b>	<b>100.91</b>	<b>37.77</b>	<b>118.42</b>	<b>53.55</b>	<b>98.84</b>	<b>149.61</b>	<b>1,692.35</b>
Additions	-	2.26	0.54	-	11.60	19.76	0.22	34.37
Disposals/Adjustments	-	-	-	-	0.13	-	4.24	4.38
<b>As at 31st March 2021</b>	<b>1,133.25</b>	<b>103.17</b>	<b>38.31</b>	<b>118.42</b>	<b>65.02</b>	<b>118.59</b>	<b>145.59</b>	<b>1,722.34</b>
Additions	-	12.14	1.74	17.20	27.54	29.22	-	87.83
Disposals/Adjustments	-	-	1.27	57.30	16.65	86.11	5.98	167.32
<b>As at 31st March 2022</b>	<b>1,133.25</b>	<b>115.31</b>	<b>38.77</b>	<b>78.32</b>	<b>75.90</b>	<b>61.70</b>	<b>139.61</b>	<b>1,642.85</b>
<b>Depreciation</b>								
<b>As at 1st April 2020</b>	<b>223.57</b>	<b>53.25</b>	<b>27.78</b>	<b>94.93</b>	<b>44.92</b>	<b>81.89</b>	<b>112.31</b>	<b>638.66</b>
Charge for the Year	44.29	8.95	2.67	5.47	4.08	14.13	11.17	90.75
Disposals	-	-	-	-	0.13	-	3.44	3.56
<b>As at 31st March 2021</b>	<b>267.86</b>	<b>62.20</b>	<b>30.45</b>	<b>100.40</b>	<b>48.87</b>	<b>96.02</b>	<b>120.04</b>	<b>725.84</b>
Charge for the Year	42.13	9.04	2.30	7.17	14.07	18.92	7.21	100.83
Disposals	-	-	1.21	54.44	15.82	81.81	5.15	158.43
<b>As at 31st March 2022</b>	<b>309.99</b>	<b>71.24</b>	<b>31.54</b>	<b>53.13</b>	<b>47.12</b>	<b>33.14</b>	<b>122.10</b>	<b>668.25</b>
<b>Net Block</b>								
<b>As at 31st March 2022</b>	<b>823.26</b>	<b>44.08</b>	<b>7.24</b>	<b>25.18</b>	<b>28.77</b>	<b>28.56</b>	<b>17.51</b>	<b>974.60</b>
<b>As at 31st March 2021</b>	<b>865.39</b>	<b>40.97</b>	<b>7.86</b>	<b>18.02</b>	<b>16.15</b>	<b>22.57</b>	<b>25.55</b>	<b>996.50</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### 2. Right of Use Asset

Particulars	Amount
As at 1st April 2020	102.87
Additions	-
Disposals/Impairment	102.87
<b>As at 31st March 2021</b>	<b>0.00</b>
Additions	-
Disposals/Impairment	-
<b>As at 31st March 2022</b>	<b>0.00</b>
Depreciation	-
<b>As at 1st April 2020</b>	<b>42.56</b>
Charge for the Year	5.30
Disposals	47.85
<b>As at 31st March 2021</b>	<b>0.00</b>
Charge for the Year	-
Disposals	-
<b>As at 31st March 2022</b>	<b>0.00</b>
<b>Net Block</b>	
<b>As at 31st March 2022</b>	<b>(0.00)</b>
<b>As at 31st March 2021</b>	<b>(0.00)</b>

#### Disclosures under IND AS 116 “Leases”

During the year ended March 31, 2022, there are no Right of Use assets and accordingly Finance Cost, Depreciation on account of lease accounting is Nil. and during the year ended March 31, 2021, Rs. 1.82 Lakhs has been accounted as Finance Cost and Rs. 5.30 Lakhs as Depreciation against the payment liability of Rs.6.99 Lakhs.

### 3. Intangible Asset

Particular	Software
<b>Cost</b>	
<b>As at 1st April 2020</b>	<b>7.14</b>
Additions	0.65
Disposals/Adjustments	-
<b>As at 31st March 2021</b>	<b>7.79</b>
Additions	10.15
Disposals/Adjustments	-
<b>As at 31st March 2022</b>	<b>17.94</b>
Depreciation	-
<b>As at 1st April 2020</b>	<b>3.70</b>
Charge for the Year	0.88
Disposals	-
<b>As at 31st March 2021</b>	<b>4.58</b>
Charge for the Year	0.97
Disposals	-
<b>As at 31st March 2022</b>	<b>5.55</b>
<b>Net Block</b>	
<b>As at 31st March 2022</b>	<b>12.39</b>
<b>As at 31st March 2021</b>	<b>3.21</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### 4. Intangible Under Development

Period	Software under Development
<b>As at April 01, 2020</b>	11.50
For the Period	8.53
Expensed Out	2.90
Capitalised	-
<b>As at March 31, 2021</b>	<b>17.13</b>
For the Period	-
Expensed Out	9.60
Capitalised	7.53
<b>As at March 31, 2022</b>	<b>-</b>

#### Intangible Under Development aging schudule as at 31st March 2022

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	-	-	-	-	-
Project temporarily suspended	-	-	-	-	-

#### Intangible Under Development aging schudule as at 31st March 2021

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Project in progress	7.53	-	-	-	7.53
Project temporarily suspended	-	9.60	-	-	9.60

### 5. Financial Assets

#### 5.1 A Investments in subsidiaries (at cost)

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
(i) Equity instrument of subsidiaries-wholly-owned	67.43	67.43	-	-
Total	67.43	67.43	-	-

#### I Details of Investments

Particulars	March 31, 2022		March 31, 2021	
	Nos	Amount	Nos	Amount
A Unquoted				
(Fully paid-up unless otherwise stated)				
In Wholly Owned Subsidiaries				
Aarvi Engineering & Consultants Private Limited (FV Rs 100/- each)	20,000	40.12	20,000	40.12
Aarvi Encon FZE (FV 150000/- each)	1	27.23	1	27.23
Aarvi Encon Resources Limited, UK (FV GBP 1/- each)	100	0.09	100	0.09
<b>Total</b>		<b>67.43</b>		<b>67.43</b>

# Notes to financial statements as at and for the year ended March 31, 2022

(All figures are in Lakhs unless otherwise stated)

## 5.2 Trade Receivables

		As at		As at	
		March 31,	March 31,	March 31,	March 31,
		2022	2021	2022	2021
		Non- Current		Current	
(Unsecured at Amortised Cost)					
i)	Considered good	-	-	7,033.72	4,919.29
ii)	Considered doubtful	-	-	114.95	114.95
	Less : Expected credit Loss	-	-	(225.09)	(162.43)
		-	-	<b>6,923.58</b>	<b>4,871.81</b>

### A Expected Credit Loss:

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India. Periodically, the Company evaluates all customer dues to the Company for collectability. The need for impairment is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customers operates, general economic factors, which could affect the customer's ability to settle. More than 95% of the Company's customers have been transacting with the Company for over five years and none of these customers' balance are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivable balances. The Life time credit loss write off during the year arises more out of the disputes or charges rather than credit impairment.

Since the Company Calculates impairment under the simplified approach the Company does not track the changes in credit risk of trade receivables the impairment amount represents lifetime expected credit loss. Hence the additional disclosures in trade receivables for changes in credit risk and credit impaired trade receivable are not disclosed.

Movement in the expected credit loss allowance

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning of the period	162.43	138.01
Impairment loss recognised	68.63	47.18
Amount written off during the period	(5.96)	(22.75)
Provision at the end of the period	225.09	162.43

Aging of Trade receivables as at 31st March 2022

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	5,241.39	1,497.17	126.44	53.87	36.12	78.73	7,033.72
- considered doubtful	-	-	-	-	-	-	-
ii) Disputed Trade Receivables							
- considered good	-	-	-	-	-	-	-
- considered doubtful	-	-	-	-	-	114.95	114.95
	<b>5,241.39</b>	<b>1,497.17</b>	<b>126.44</b>	<b>53.87</b>	<b>36.12</b>	<b>193.68</b>	<b>7,148.67</b>
Less : Expected credit Loss							225.09
							<b>6,923.58</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### Aging of Trade receivables as at 31st March 2021

Particulars	Unbilled/ Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Receivables							
- considered good	3,365.11	1,095.07	184.76	138.53	43.42	92.40	4,919.29
- considered doubtful							-
ii) Disputed Trade Receivables							
- considered good							-
- considered doubtful						114.95	114.95
	<b>3,365.11</b>	<b>1,095.07</b>	<b>184.76</b>	<b>138.53</b>	<b>43.42</b>	<b>207.35</b>	<b>5,034.24</b>
Less : Expected credit Loss							162.43
							<b>4,871.81</b>

### 5.3 Loans and Advances

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
(Unsecured Considered goods)				
i) Rent Deposits	-	-	24.21	19.39
ii) Earnest Money Deposits	118.76	36.53	-	-
iii) Other Security Deposits	1.94	1.94	-	-
iv) Loans to Related Parties	-	25.09	-	-
	<b>120.70</b>	<b>63.56</b>	<b>24.21</b>	<b>19.39</b>

#### a) The break-up of Loans granted by the Company to related parties is as under :

Company Name	As at	
	March 31, 2022	March 31, 2021
Considered Good		
Aarvi Encon FZE	-	25.09
	-	25.09

The Company has granted loan for Business purposes to its wholly owned subsidiary and interest at the rate of 10% is charged on the loan.

#### b) Investment by the loanee in the shares of the Company:

None of the loanees have, per se, made investments in the shares of the Company.

### 5.4 Cash and Bank Balances

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
A Cash and cash equivalents				
i) Balances with banks	-	-	80.21	893.49
ii) Cash on hand	-	-	1.55	0.32
iii) Cheques in hand	-	-	-	-
iv) Fixed Deposits with Bank	-	-	-	-
	-	-	<b>81.76</b>	<b>893.81</b>
B Other Bank Balances				
i) In Earmarked Accounts (*)	-	-	-	-
ii) Term Deposits with Banks (**)	-	-	218.98	413.98
<b>Total</b>	<b>-</b>	<b>-</b>	<b>218.98</b>	<b>413.98</b>

(\*) These are held as margin money or security against borrowings, guarantees and other commitments

(\*\*) These are lien and/or pledged against short term credit facilities with banks

## Notes to financial statements as at and for the year ended March 31, 2022

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>5.5 Others</b>				
Unsecured Considered Good				
i) Contract Asset				
- Security Deposit and Retentions	647.18	656.65	-	-
- Unbilled Revenue	-	-	700.00	664.00
ii) Reimbursement Right for Gratuity-Contract Staff	162.08	129.81	82.75	103.98
iii) Interest Accrued On Deposits	-	-	9.24	-
iv) Term Deposits with Banks	999.92	821.85	-	-
v) Other Receivables	-	-	565.22	8.16
	<b>1,809.18</b>	<b>1,608.31</b>	<b>1,357.22</b>	<b>776.14</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>6. Other Assets</b>				
i) Capital Advances	59.85	59.85	-	-
ii) Prepaid Expenses	-	-	99.34	100.81
iii) Prepaid Taxes (Net of Provision of Tax)	1,311.28	676.54	-	-
iv) Advance to suppliers	-	-	31.18	23.38
v) Balances with Tax Authorities	-	-	18.27	13.03
vi) Staff Advances	-	-	18.39	15.60
vii) Prepaid Gratuity	-	-	-	2.17
<b>Total</b>	<b>1,371.13</b>	<b>736.38</b>	<b>167.19</b>	<b>154.99</b>

	As at	
	March 31, 2022	March 31, 2021
<b>7. Equity Share capital</b>		
<b>i) Authorised shares :</b>		
March 31, 2022 : 2,00,00,000 Equity shares of Rs 10/- each	2,000.00	2,000.00
March 31, 2021: 2,00,00,000 Equity shares of Rs 10/- each		
<b>Total</b>	<b>2,000.00</b>	<b>2,000.00</b>
<b>ii) Issued and subscribed and Paid-up shares :</b>		
March 31, 2022: 1,47,84,000 Equity shares of Rs 10/- each	1,478.40	1,478.40
March 31, 2021 : 1,47,84,000 Equity Shares of Rs. 10/- each		
<b>Total</b>	<b>1,478.40</b>	<b>1,478.40</b>
<b>Total paid-up share capital</b>	<b>1,478.40</b>	<b>1,478.40</b>

**a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period**

	As at			
	March 31, 2022		March 31, 2021	
	Number	Amount	Number	Amount
Balance, beginning of the year	14,784,000	1,478.40	14,784,000	1,478.40
Issued during the year	-	-	-	-
<b>Balance, end of the year</b>	<b>14,784,000</b>	<b>1,478.40</b>	<b>14,784,000</b>	<b>1,478.40</b>



## Notes to financial statements as at and for the year ended March 31, 2022

### b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Details of shareholders holding more than 5% shares in the Company

	As at			
	March 31, 2022		March 31, 2021	
	Number	%	Number	%
Equity Shares				
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%
	<b>9,777,500</b>	<b>66.14%</b>	<b>9,777,500</b>	<b>66.14%</b>

d) As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

### e) Shares held by Promoters

Promoter Name	As at 31 March 2022		As at 31 March 2021		% of change during the year
	No of Shares	% of total Shares	No of Shares	% of total Shares	
Mr. Virendra Dalpatram Sanghavi	7,595,000	51.37%	7,595,000	51.37%	0.00%
Mr. Jaydev Virendra Sanghavi	2,182,500	14.76%	2,182,500	14.76%	0.00%
Ms. Naini Kulkarni	651,000	4.40%	542,500	3.67%	0.73%
Mr. Ninad Kulkarni	-	0.00%	108,500	0.73%	-0.73%
Mr. Aditya Sanghavi	162,750	1.10%	162,750	1.10%	0.00%
Ms. Ami Sanghavi	271,250	1.83%	271,250	1.83%	0.00%
<b>Total</b>	<b>10,862,500</b>	<b>73.47%</b>	<b>10,862,500</b>	<b>73.47%</b>	<b>0.00%</b>

	As at	
	March 31, 2022	March 31, 2021
<b>8 Other Equity</b>		
i) Retained Earnings	4,521.99	3,705.75
ii) Securities Premium Account	1,492.29	1,492.29
iii) General Reserve	690.46	567.37
	<b>6,704.74</b>	<b>5,765.41</b>

### 9 Financial Liabilities (at amortized cost)

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>9.1 Long term borrowings</b>				
(i) Loan from Non Banking Financial Institutions				
Vehicle Loan	-	-	-	1.09
Working Capital Loan	-	-	-	-
Less: Shown under other financial liabilities (Refer Note 9.5)	-	-	-	(1.09)
	-	-	-	-
The break-up of above:				
<b>Secured</b>	-	-	-	<b>1.09</b>
Unsecured	-	-	-	-

## Notes to financial statements as at and for the year ended March 31, 2022

### Security for loans and Terms of payment

#### In respect of Vehicle Loans

Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 59 equated monthly instalments of Rs 55,330/- each (including interest), commencing from Jun 16 onwards. The loan has been paid off during the year.

Maturity Profile of Borrowings	As at	
	March 31, 2022	March 31, 2021
Instalment payable within one year	-	1.09
Instalment payable between 2 to 5 years	-	-
Instalment payable beyond 5 years	-	-
<b>Total</b>	<b>-</b>	<b>1.09</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>9.2 Lease Liability-ROU Assets</b>	<b>Non- Current</b>		<b>Current</b>	
i) Lease Liability	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### I Disclosure in accordance with Ind AS - 116 "Leases", of the Companies ( Indian Accounting Standards) Rules, 2015

#### (a) Movement in Lease Liabilities

Particulars	March 31, 2022	March 31, 2021
Balance at the beginning	-	67.80
Interest on lease liabilities	-	1.82
Lease Payments	-	6.99
Deletion during the year	-	(62.62)
<b>Closing</b>	<b>-</b>	<b>0.00</b>

#### (b) Maturity Profile of Lease Liabilities

The table below provides details regarding Contractual Maturities of Lease Liability on an undiscounted basis.

Ageing	March 31, 2022	March 31, 2021
Within One year	-	-
Two to Five years	-	-
More than Five years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

#### (c) The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## Notes to financial statements as at and for the year ended March 31, 2022

		As at	
		March 31, 2022	March 31, 2021
<b>9.3</b>	<b>Short Term Borrowings (at amortised cost)</b>		
	(Secured)		
	Cash Credit Facility	643.03	352.60
	<b>Total</b>	<b>643.03</b>	<b>352.60</b>

Breakup of Cash Credit Facilities		As at	
		March 31, 2022	March 31, 2021
	HSBC Bank Limited	293.02	-
	Yes Bank Limited	350.01	352.60
	<b>Total</b>	<b>643.03</b>	<b>352.60</b>

### Security for loans and Terms of payment

#### In respect of Cash Credit, working capital demand loan and Bank guarantees from HSBC Bank Limited

- Pari Passu charge on Current Assets and fixed assets.
- Exclusive Charge over Property situated at Office no. 901, 9th floor, B2, Marathon Nextgen Innova, Lower Parel, Mumbai 400013.
- Personal Guarantee from Mr. Jaydev Sanghavi and Mr. Virendra Sanghavi
- 15% Deposits under lien

#### In respect of Cash Credit, working capital demand loan and Bank guarantees from Yes Bank Limited

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

#### In respect of Cash Credit, working capital demand loan and Bank guarantees from HDFC Bank Limited

- First charge on Parri Passu basis with HSBC and Yes Bank by the way of Hypothecation on all present and future book debts of the Company.
- Fixed Deposit of Rs. 30,00,000/- under lien
- Exclusive charge on Flat No 11 & 11A, Building O, 4th Floor, Konark Campus Co-operative Housing Society, Lohegaon Village, Taluka Haveli, Pune.

		As at	
		March 31, 2022	March 31, 2021
<b>9.4</b>	<b>Trade Payables (at amortised cost)</b>		
	i) Trade payables - Micro, small and medium enterprises	-	-
	ii) Trade payables - Others	563.88	435.35
	<b>Total</b>	<b>563.88</b>	<b>435.35</b>

#### a) Amounts due to Micro, Small and Medium Enterprises

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 is relied upon by the auditors.

## Notes to financial statements as at and for the year ended March 31, 2022

## Trade Payables aging schedule as at 31st March 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					-
MSME					-
Others	562.25	1.51	0.13		563.88
ii) Disputed Trade Payables					-
MSME					-
Others					-
<b>Total</b>	<b>562.25</b>	<b>1.51</b>	<b>0.13</b>	<b>-</b>	<b>563.88</b>

## Trade Payables aging schedule as at 31st March 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade Payables					-
MSME					-
Others	435.22	0.13			435.35
ii) Disputed Trade Payables					-
MSME					-
Others					-
<b>Total</b>	<b>435.22</b>	<b>0.13</b>	<b>-</b>	<b>-</b>	<b>435.35</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>9.5 Other Financial Liabilities (At Amortised Cost)</b>				
i) Current Maturities of Long term Borrowings	-	-	-	1.09
ii) Employee Liabilities	-	-	2,341.54	1,585.29
iii) Employee Benefit Liability-Contract Staff	162.08	129.81	82.75	103.98
iv) Others	-	-	12.98	5.66
	<b>162.08</b>	<b>129.81</b>	<b>2,437.27</b>	<b>1,696.01</b>

	As at	
	March 31, 2022	March 31, 2021
<b>10 Deferred Tax Liability</b>		
<b>a) Deferred Tax Liability on account of :</b>		
i) Depreciation due to timing difference	47.73	43.91
<b>b) Deferred Tax Asset on account of :</b>		
i) Employee Benefits	17.51	11.02
ii) Right of Use Asset	-	-
	<b>30.22</b>	<b>32.89</b>

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>11 Other Liabilities</b>				
i) Duties and Taxes payable	-	-	1,104.00	732.17
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,104.00</b>	<b>732.17</b>

## Notes to financial statements as at and for the year ended March 31, 2022

	As at		As at	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Non- Current		Current	
<b>12 Provisions</b>				
i) Provision for Employee Benefits				
Provision for Gratuity	-	-	4.75	-
	-	-	4.75	-

**a) Disclosure in accordance with Ind AS – 19 “Employee Benefits”, of the Companies (Indian Accounting Standards) Rules, 2015.**

The company has carried out the actuarial valuation of Gratuity liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs. The Company's gratuity liability is Funded.

- i) The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year for Core Staff is as follow:

Particulars	As on March 31, 2022	As on March 31, 2021
<b>(a) Reconciliation of opening and closing balances of Defined benefit Obligation</b>		
Defined Benefit obligation at the beginning of the year	92.09	83.19
Current Service Cost	11.49	10.81
Interest Cost	5.67	5.43
Actuarial (Gain) /Loss-Other Comprehensive Income	(4.00)	(4.02)
Benefits paid	(3.32)	(3.32)
<b>Defined Benefit obligation at the year end</b>	<b>101.93</b>	<b>92.09</b>
<b>(b) Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair Value of plan assets at the beginning of the year	94.26	69.90
Adjustment to the Opening fund	-	1.43
Expected return on Plan Assets	0.08	8.08
Interest Income	6.17	4.88
Employer Contribution	-	13.29
Benefits Paid	(3.32)	(3.32)
Fair Value of Plan Assets at the year end	-	-
<b>Actual Return on Plan Assets</b>	<b>97.18</b>	<b>94.26</b>
<b>(c) Reconciliation of fair value of assets and obligations</b>		
Fair Value of Plan Assets	97.18	94.26
Present value of Defined Benefit obligation	101.93	92.09
<b>Liability recognized in Balance Sheet</b>	<b>4.75</b>	<b>(2.17)</b>
<b>(d) Expenses recognized during the year ( Under the head “ Employees Benefit Expenses )</b>		
Current Service Cost	11.49	10.81
Interest Cost	5.67	5.43
Expected Rate of return on Plan Assets	0.08	8.08
<b>Net Cost</b>	<b>17.23</b>	<b>24.32</b>
<b>(e) Actuarial (Gain)/Loss- Other Comprehensive Income</b>	<b>(4.07)</b>	<b>(12.10)</b>

## Notes to financial statements as at and for the year ended March 31, 2022

<b>(f) Net liabilities(Asset) recognised in the balance sheet</b>		
Long-term provisions	4.75	-
Short-term provisions/(Loans and Advances)	(0.00)	(2.17)
	4.75	(2.17)
<b>ii) Actuarial Assumptions</b>		
<b>Particulars</b>	<b>As on March 31, 2022</b>	<b>As on March 31, 2021</b>
Discount rate (per annum)	6.80%	6.50%
Rate of escalation in salary (per annum)	7.00%	7.00%
Attrition Rate		
Younger Age	50%	50%
Older Age	5%	5%
Rate of return on plan assets (per annum)	6.80%	6.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the company fully or partially pre-fund the liabilities under the plan. Since the liabilities are unfunded there is no asset liability matching strategy devised for the plan.

### iii) Sensitivity analysis

#### A quantitative Sensitivity analysis for significant assumption

Particulars	Discount Rate	Salary Growth Rate	Attrition Rate
<b>Changes in Assumption</b>			
March 31, 2022	0.50%	0.50%	10.00%
March 31, 2021	0.50%	0.50%	10.00%
<b>Increase in assumption</b>			
March 31, 2022	(98.69)	104.78	102.01
March 31, 2021	(89.03)	94.90	92.05
<b>Decrease in assumption</b>			
March 31, 2022	105.38	(99.12)	(101.83)
March 31, 2021	95.36	(89.43)	(92.12)

### (iv) Actuarial Risk:

#### A Actuarial Risk

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

**Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

#### B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.



## Notes to financial statements as at and for the year ended March 31, 2022

### C Liquidity Risk

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

### D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

### E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

		As at	
		March 31, 2022	March 31, 2021
13	<b>Current Tax Liabilities (Net)</b>		
	a) <b>Provision for Tax (Net of Taxes Paid)</b>	-	-
		-	-
		Year Ended March 2022	Year Ended March 2021
14	<b>Revenue from Operations</b>		
	i) Revenue from Manpower Services		
	Supply of Manpower and Consultancy Fees	26,943.84	18,799.28
	ii) Other Operating Revenue	507.55	166.29
		<b>27,451.40</b>	<b>18,965.57</b>

### I Disclosure in accordance with Ind AS - 115 "Revenue Recognition Disclosures", of the Companies ( Indian Accounting Standards) Rules, 2015

#### a) Revenue disaggregation based on Service Type and Customer type:

##### (i) Revenue disaggregation by type of Service is as follows:

Major Service Type	2021-22	2020-21
Manpower Supply and Consultancy Fees	26,943.84	18,799.28
Reimbursement Income for Services Provided	507.55	166.29
	<b>27,451.40</b>	<b>18,965.57</b>

##### (ii) Revenue disaggregation by Customer Type is as follows:

Customer Type	2021-22	2020-21
Government Companies	9,607.99	7,965.54
Non Government Companies	17,843.41	11,000.03
	<b>27,451.40</b>	<b>18,965.57</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### (iii) Movement in Contract Balances

Particulars	Opening	Billed for the Financial Year	Addition during the year	Closing
Advance from Customers				
March 2022	-	-	-	-
March 2021	-	-	-	-

Particulars	Opening	Billed/ Reversed for the Financial Year	Addition during the year	Closing
Unbilled Revenue				
March 2022	664.00	664.00	700.00	700.00
March 2021	334.92	334.92	664.00	664.00

### (iv) Performance Obligation

Performance obligation is satisfied on rendering of services and as agreed in the contract with the customers. The payment is generally due within 0-30 days.

	Year Ended March 2022	Year Ended March 2021
<b>15 Other Income</b>		
i) Interest Income on Fixed Deposits	100.86	41.56
ii) Interest Income on Loans and Advances	5.51	2.36
iii) Interest Income on Financial Assets at amortised cost	-	10.85
iv) Interest Income on Income Tax Refund	-	170.04
v) Sundry Balance written Back	-	4.16
vi) Miscellenous Income	14.81	-
	<b>121.18</b>	<b>228.98</b>
<b>16 Employee Benefit Expenses</b>		
i) Salaries & Wages, Bonus, Perquisites, etc	19,812.99	14,107.18
ii) Contribution to Provident, Gratuity funds	1,150.37	919.34
iii) Managerial Remuneration	336.00	336.00
iv) Staff Insurance	173.73	121.33
v) Staff Welfare	26.22	8.98
	<b>21,499.32</b>	<b>15,492.83</b>
<b>17 Finance Cost</b>		
i) Interest Expense on Lease Liability	-	1.82
ii) Interest on Borrowings	68.58	52.50
iii) Interest on Income Tax	-	-
iv) Interest on Indirect Taxes	4.55	2.31
	<b>73.13</b>	<b>56.63</b>
<b>18 Depreciation and Amortization</b>		
i) Depreciation on Property, Plant & Equipment	101.80	91.63
ii) Depreciation on Right of Use Assets	-	5.30
<b>Total</b>	<b>101.80</b>	<b>96.93</b>

## Notes to financial statements as at and for the year ended March 31, 2022

	Year Ended March 2022	Year Ended March 2021
<b>19 Other expenses</b>		
Assets Scrapped	-	0.53
Auditors Remuneration	14.90	11.57
Director's Sitting Fees	3.00	3.60
Travelling Expenses	475.45	371.36
Expected Credit Loss	68.63	47.18
Site related Expenses	742.18	132.60
Consumables purchased	151.09	136.76
Professional Fees - Project	2,050.40	1,136.66
Rates and Taxes	3.72	0.78
Power and Fuel	15.18	19.57
Rent	122.26	87.74
Membership & Subscription	8.33	12.09
Health and Safety Expenses	112.53	59.84
Housekeeping Expenses	10.49	9.27
Insurance Charges	8.73	10.23
Advertisement Expenses	26.04	14.59
Donation	2.76	2.10
Motor Car Expenses	8.64	5.57
Food and Accommodation Expenses	474.74	372.37
Printing and Stationery Expenses	17.91	10.55
Legal & Professional Charges	97.48	78.77
Business Promotion Expenses	9.50	1.32
Telephone Charges	19.93	14.78
Bank Charges	50.54	18.76
Corporate Social Responsibility Expenses	9.33	32.41
Water Charges	6.58	6.28
Repairs and Maintenance Expenses	15.30	9.36
Office Maintenance Expenses	10.88	13.17
Loss on disposal of Fixed Assets	16.79	-
Foreign exchange loss	0.09	0.72
Other Expenses (None of which individually forms more than 1% of the Operating Revenue)	105.64	76.59
<b>Total</b>	<b>4,659.05</b>	<b>2,697.13</b>
<b>a) Payment to auditors</b>		
Audit fee	9.75	8.68
Tax Matters	3.10	2.48
Others	2.05	0.41
<b>Total payments to auditors</b>	<b>14.90</b>	<b>11.57</b>
<b>20 Tax Expense</b>		
<b>a) Income tax expense in the statement of profit and loss consists of:</b>		
Current Tax	11.00	-
Short/Excess Provision of Tax	-	(97.55)
Minimum alternative tax entitlement	-	80.60
Deferred Tax	(2.67)	2.50
<b>Income tax recognised in statement of profit or loss</b>	<b>8.33</b>	<b>(14.45)</b>

## Notes to financial statements as at and for the year ended March 31, 2022

	Year Ended March 2022	Year Ended March 2021
<b>b) The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:</b>		
<b>A Current Tax</b>		
Accounting Profit Before Income Tax	1,239.28	851.03
Enacted tax rates in India (%)	25.168%	25.168%
Computed expected tax expenses	311.90	214.19
Effect of non- deductible expenses	100.49	108.90
Effects of deductible Expenses	(401.39)	(323.09)
<b>Income tax expenses - Net</b>	<b>11.00</b>	<b>(0.00)</b>
<b>Tax liability as per Minimum Alternate Tax on book profits</b>		
Minimum Alternate Tax rate	0.00%	0.00%
Computed tax liability on book profits	-	-
Tax effect on adjustments:		
1/5 portion of Opening IND AS Reserve as on April 1, 2018	-	-
Effect of non deductible expense	-	-
Differential MAT Provided in Subsequent year	-	-
Minimum Alternate Tax on Book Profit	-	-
<b>Higher of A or B</b>	<b>11.00</b>	-

**Note:** The Company has opted for income tax under Section 115BAA of the Income tax act, 1961. As per provisions of the Act, the domestic companies opting for section 115BAA will not be able to claim MAT credits for taxes paid under MAT during the tax holiday period. The companies would not be able to reduce their tax liabilities under section 115BAA by claiming MAT credits. Therefore, the Company has reversed all the MAT credit during the last year.

<b>B Deferred Tax</b>				
Deferred tax assets/(liabilities) in relation to:-				
<b>Particulars</b>	<b>Opening</b>	<b>Recognised in P&amp;L</b>	<b>Recognised in OCI</b>	<b>Closing</b>
<b>As at April 01, 2020</b>	<b>36.50</b>	<b>(6.11)</b>	-	<b>30.38</b>
Property, Plant and Equipment	51.12	(7.21)	-	43.91
Employee benefits	(18.66)	7.63	-	(11.02)
Right of Use Asset	(2.08)	2.08	-	-
<b>As at March 31, 2021</b>	<b>30.38</b>	<b>2.50</b>	-	<b>32.89</b>
Property, Plant and Equipment	43.91	3.82	-	47.73
Employee benefits	(11.02)	(6.49)	-	(17.51)
Right of Use Asset	-	-	-	-
<b>As at March 31, 2022</b>	<b>32.89</b>	<b>(2.67)</b>	-	<b>30.22</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### 21 Disclosure as required by Accounting Standard – IND AS 33 “Earning Per Share” of the Companies (Indian Accounting Standards) Rules 2015.

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Year Ended March 2022	Year Ended March 2021
Net Profit / (Loss) as per Statement of Profit and Loss	1,230.94	865.47
Outstanding equity shares at period end - Nos	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period – Basic	14,784,000	14,784,000
Weighted average Number of Shares outstanding during the period - Diluted	14,784,000	14,784,000
Earnings per Share - Basic (Rs.)	8.33	5.85
Earnings per Share - Diluted (Rs.)	8.33	5.85

#### Reconciliation of weighted number of outstanding during the period:

Particulars	Year Ended March 2022	Year Ended March 2021
Nominal Value of Equity Shares (Rs per share)	10	10
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the period	14,784,000	14,784,000
Add : Issue of Equity Shares	-	-
Total number of equity shares outstanding at the end of the period	14,784,000	14,784,000
Weighted average number of equity shares at the end of the period	14,784,000	14,784,000
For Dilutive EPS :		
Weighted average number of shares used in calculating basic EPS	14,784,000	14,784,000
Weighted average number of equity shares used in calculating diluted EPS	14,784,000	14,784,000

### 22 Contingent Liabilities

Particulars	March 31, 2022	March 31, 2021
Bank Guarantees	1,557.99	1,058.02
<b>Total</b>	<b>1,557.99</b>	<b>1,058.02</b>

### 23 Commitments

Particulars	March 31, 2022	March 31, 2021
Capital Commitments:		
Estimated amount of contracts remaining to be executed on capital account. (Net of Capital Advances)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### 24 Disclosure in accordance with Ind AS – 108 “Operating Segments”, of the Companies (Indian Accounting Standards) Rules, 2015.

Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company’s performance in accordance with IND AS “Operating Segment”. The Company has only one reportable operating segment i.e. Manpower Supply and Consultancy Services.

#### a) Major Customers

The top 1 customers account for 14% of the total revenue earned during the year ended March 31, 2022 (March 31, 2021: Top 1 customers accounted for 20% of the total revenue earned).

#### b) Information about Geographical areas

Company’s operation are confined in India only. All its revenue are generated in the said geographical location.

## Notes to financial statements as at and for the year ended March 31, 2022

25 Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies ( Indian Accounting Standards) Rules, 2015

### Name of the related parties and related party relationships

#### A List of related parties

##### i Entities where control exists

Aarvi Engineering and Consultants Private Limited  
Aarvi Encon FZE  
Aarvi Encon Resources Limited, UK  
Aarvi Encon Staffing Services, Qatar (Joint Venture)  
PT Aarvi Encon Services, Indonesia (Step down subsidiary)  
Aarvi Encon LLC, Oman (Step down subsidiary)

##### ii Key Management Personnel

Mr. Virendra Sanghavi, Managing Director  
Mr. Jaydev Sanghavi, Executive Director & CFO  
Ms Leela S. Bisht, Company Secretary & Compliance Officer

##### iii Entities significantly influenced or controlled by Key Management Personnel or their relatives

Energjobz Services Private Limited  
Aarvi Encon Employees Group Gratuity Fund

##### iv Relatives of Key Management Personnel

Mrs. Niranjana V. Sanghavi (wife of Managing Director, deceased on 15th December, 2020)  
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)  
Ms. Nirali J. Sanghavi (Daughter of Executive Director)

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Remuneration to Key Management Personnels (KMP)				
Mr. Virendra Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Mr. Jaydev Sanghavi	-	168.00	-	168.00
	-	(168.00)	-	(168.00)
Ms Leela Bisht	-	4.45	-	4.45
	-	-	-	-
Mr. Jay Shah	-	-	-	-
	-	(4.83)	-	(4.83)
Rent				
Ms. Nirali J. Sanghavi			3.85	3.85
			-	-
Salaries and wages				
Mrs. Naini N. Kulkarni	-	-	23.89	23.89
	-	-	(22.75)	(22.75)
Mrs. Ami J. Sanghavi	-	-	8.19	8.19
	-	-	(7.80)	(7.80)
Mr. Aditya Sanghavi	-	-	2.70	2.70
	-	-	(0.30)	(0.30)



## Notes to financial statements as at and for the year ended March 31, 2022

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
Interest income				
Aarvi Encon FZE	4.87	-	-	4.87
	(2.02)	-	-	(2.02)
Loan Given				
Aarvi Encon FZE	-	-	-	-
	(25.09)	-	-	(25.09)
Reimbursement of Expenses				
Aarvi Encon Resources Ltd - UK	0.43	-	-	0.43
	-	-	-	-
Aarvi Encon Staffing Services - Qatar	8.05	-	-	8.05
	-	-	-	-
Professional Fees Paid				
Aarvi IT services	-	-	0.48	0.48
	-	-	-	-
Director sitting fees				
Mr. Devendra J Shrimanker, Independent Director	-	0.95	-	0.95
	-	(1.15)	-	(1.15)
Mrs. Sonal N Doshi, Independent Director	-	1.05	-	1.05
	-	(1.15)	-	(1.15)
Mrs. Padma V Devarajan, Independent Director	-	0.75	-	0.75
	-	(0.90)	-	(0.90)
Mr. Sharad Sanghi, Independent Director	-	0.25	-	0.25
		(0.40)		(0.40)
Dividend paid				
Mr. Virendra Sanghavi	-	151.90	-	151.90
	-	(43.40)	-	(43.40)
Mrs. Niranjana V Sanghavi	-	-	-	-
	-	-	(32.55)	(32.55)
Mr. Jaydev Sanghavi	-	43.65	-	43.65
	-	(21.72)	-	(21.72)
Mrs. Ami Jaydev Sanghavi	-	-	5.43	5.43
	-	-	(2.71)	(2.71)
Mr. Aditya Jaydev Sanghavi	-	-	3.26	3.26
	-	-	(1.63)	(1.63)
Mrs. Naini Ninad Kulkarni	-	-	10.85	10.85
	-	-	(5.43)	(5.43)
Mr. Ninad V. Kulkarni	-	-	2.17	2.17
	-	-	(1.09)	(1.09)
Balances outstanding at the end of the year				
Loans and advances				
Aarvi Encon FZE	-	-	-	-
	(25.09)	-	-	(25.09)
Reimbursement of Expenses				
Aarvi Encon Resources Ltd - UK	0.43			

## Notes to financial statements as at and for the year ended March 31, 2022

Particulars	Entities where control exists	KMP	Relatives of KMP	Total
	-			
Aarvi Encon Staffing Services - Qatar	8.05			
	-			
Rent Deposit				
Mr. Virendra Sanghavi	-	0.70	-	0.70
	-	(0.70)	-	(0.70)
Outstanding				
Mr. Virendra Sanghavi	-	58.92	-	58.92
	-	(78.99)	-	(78.99)
Mr. Jaydev Sanghavi	-	80.37	-	80.37
	-	(98.74)	-	(98.74)
Mrs. Naini N. Kulkarni	-	-	1.75	1.75
	-		(2.67)	(2.67)
Mrs. Ami J. Sanghavi	-	-	0.61	0.61
	-	-	(0.43)	(0.43)
Mr. Aditya J. Sanghavi	-	-	0.28	0.28
	-	-	(0.15)	(0.15)
Ms Nirali J. Sanghavi	-	-	0.31	0.31
	-	-	-	-

Figures above do not include IND AS Adjustments

For KMP Reimbursement of Expenses is not reported above

(Previous years figures are in bracket)

\* The managerial personnel are eligible for retirement benefits viz., gratuity and compensated absences in accordance with the policy of the Company. The proportionate retirement benefit expense pertaining to the managerial personnel has not been included in the aforementioned disclosures as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined

All transactions with these related parties are priced on an arm's length basis. None of the balance is secured.

## Notes to financial statements as at and for the year ended March 31, 2022

### 26 Corporate Social Responsibility

#### For 2021-22

- a Gross amount required to be spent by the Company during the year : Rs. 13.00 Lacs
- b Excess amount spent for the Financial Year 2020-21 (Amount Allowed to be set off against CSR Expenditure of the Current Year) : Rs 9.53 Lacs
- c Amount to be spent in F.Y. 2021-22 : Rs 3.47 Lacs
- d Actual Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	9.33	-	9.33
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister's national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
	9.33	-	-
	-	-	-
<b>Total</b>	<b>9.33</b>	<b>-</b>	<b>9.33</b>

#### For 2020-21

- a Gross amount required to be spent by the Company during the year : Rs. 22.87 Lacs
- b Amount spent by the Company during the year is as follows ;

Activity	Paid in Cash	Yet to be Paid in Cash	Total
1. Eradicating hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	32.41	-	32.41
2. Rural development projects, Disaster management, including relief, rehabilitation and reconstruction activities.			
3. Contribution to the prime minister's national relief fund or any other fund set up by the central govt. or state govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;			
	32.41	-	32.41
	-	-	-
<b>Total</b>	<b>32.41</b>	<b>-</b>	<b>32.41</b>

## Notes to financial statements as at and for the year ended March 31, 2022

### 27 Derivative Instruments and Unhedged Foreign Currency Exposure

- (i) There are no derivative instruments outstanding as at March 31, 2022 and March 31, 2021.
- (ii) Unhedged foreign currency exposure towards receivables outstanding as at March 31, 2022 and March 31, 2021 is as under:

Particulars	As at			
	March 31, 2022		March 31, 2021	
	Amount in Foreign Currency	Amount in INR	Amount in Foreign Currency	Amount in INR
<b>Trade Receivables</b>				
a) USD	0.03	2.53	-	-

### 28 Significant accounting judgements, estimates and assumptions

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

#### Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### 29 Financial Instruments

- i) The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

	Carrying Value		Fair Value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>a) Financial Assets</b>				
<b>Amortised Cost</b>				
Trade Receivable	6,923.58	4,871.81	6,923.58	4,871.81
Loans and Advances	144.91	82.95	144.91	82.95
Cash and cash equivalents	81.76	893.81	81.76	893.81
Other Bank balances	218.98	413.98	218.98	413.98
Other	3,166.40	2,384.46	3,166.40	2,384.46
<b>Total Financial Assets</b>	<b>10,535.62</b>	<b>8,647.00</b>	<b>10,535.62</b>	<b>8,647.00</b>
<b>b) Financial Liabilities</b>				
<b>Amortised Cost</b>				
Borrowings	643.03	353.70	643.03	353.70
Lease Liability	-	-	-	-
Trade payables	563.88	435.35	563.88	435.35
Others	2,599.35	1,824.73	2,599.35	1,824.73
<b>Total Financial Liabilities</b>	<b>3,806.26</b>	<b>2,613.78</b>	<b>3,806.26</b>	<b>2,613.78</b>

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## Notes to financial statements as at and for the year ended March 31, 2022

### 30 Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

During the year, the Company has no financial assets and liabilities which are measured at fair value.

### 31 Financial risk factors

#### Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Credit risk

Credit risk is the risk that counterparty will not meet its contractual obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and loans receivables, investments and other financial instruments.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credit facilities.

#### (c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risks include trade receivable and trade payable.

##### i. Interest rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligation with floating interest rates, hence is not exposed to any significant interest rate risks.

##### ii. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company does not have significant foreign currency exposure and hence is not exposed to any significant foreign currency risks.

## Notes to financial statements as at and for the year ended March 31, 2022

The Working Capital Position of the Company is given below:

	March 31, 2022	March 31, 2021
<b>Current Assets</b>		
Trade receivable	6,923.58	4,871.81
Cash and Cash Equivalent	81.76	893.81
Bank Balance	218.98	413.98
Loans and Advances	24.21	19.39
Other Financial Asset	1,357.22	776.14
Other Current Assets	167.19	154.99
<b>Total</b>	<b>8,772.93</b>	<b>7,130.13</b>
Less:		
<b>Current Liabilities</b>		
Borrowings	643.03	353.70
Lease Liability	-	-
Trade Payables	563.88	435.35
Others	3,546.01	2,427.09
<b>Total</b>	<b>4,752.92</b>	<b>3,216.13</b>
<b>Net Working Capital</b>	<b>4,020.00</b>	<b>3,914.00</b>

The table below provides details regarding the contractual maturities of significant financial liabilities :

	Less than 1 year	2-5 years	Total
<b>As at March 31, 2022</b>			
Borrowings	643.03	-	643.03
Trade Payables	563.88	-	563.88
Other Financial Liabilities	2,437.27	162.08	2,599.35
<b>Total</b>	<b>3,644.18</b>	<b>162.08</b>	<b>3,806.26</b>
<b>As at March 31, 2021</b>			
Borrowings	352.60	-	352.60
Trade Payables	435.35	-	435.35
Other Financial Liabilities	1,696.01	129.81	1,825.83
<b>Total</b>	<b>2,483.97</b>	<b>129.81</b>	<b>2,613.78</b>



## Notes to financial statements as at and for the year ended March 31, 2022

### 32 Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The company includes within net debt, short term borrowings, trade and other payables, less cash and cash equivalents.

Particulars	March 31, 2022	March 31, 2021
<b>Gross Debt</b>	643.03	352.60
Less:		
Cash and Cash Equivalent	81.76	893.81
Other Bank Balances	218.98	413.98
<b>Net debt (A)</b>	<b>342.29</b>	<b>(955.18)</b>
<b>Total Equity (B)</b>	<b>8,183.14</b>	<b>7,243.81</b>
<b>Gearing ratio (A/B)</b>	<b>0.04</b>	<b>(0.13)</b>

33 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2022.

### 34 Transactions with companies struck off

There are no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956

### 35 Financial Ratios

Particulars	March 31, 2022	March 31, 2021
<b>a) Current ratio</b>		
Current Assets	8,772.93	7,130.13
Current Liabilities	4,752.92	3,216.13
<b>Current ratio</b>	<b>1.85</b>	<b>2.22</b>
<b>b) Debt-Equity ratio</b>		
Debt	643.03	352.60
Equity	8,183.14	7,243.81
<b>Debt-Equity ratio</b>	<b>0.08</b>	<b>0.05</b>
<b>c) Debt service coverage ratio</b>		
EBIDTA	1,414.20	1,004.59
Debt service	68.58	52.50
<b>Debt service coverage ratio</b>	<b>20.62</b>	<b>19.14</b>
<b>d) Return on equity ratio</b>		
Net Profits after taxes	1,230.94	865.47
Average Shareholder's Equity	7,713.48	6,878.94
<b>Return on equity ratio</b>	<b>0.16</b>	<b>0.13</b>
<b>e) Inventory turnover ratio</b>		
sales	Not applicable	Not applicable
Average Inventory	Not applicable	Not applicable
<b>Inventory turnover ratio</b>	<b>Not applicable</b>	<b>Not applicable</b>
<b>f) Trade receivables turnover ratio</b>		
Net Credit Sales	27,451.40	18,965.57

## Notes to financial statements as at and for the year ended March 31, 2022

Average Accounts Receivable	5,897.69	4,852.82
<b>Trade receivables turnover ratio</b>	<b>4.65</b>	<b>3.91</b>
<b>g) Trade payables turnover ratio</b>		
Net Credit Purchases	Not applicable	Not applicable
Average Trade Payables	Not applicable	Not applicable
Trade payables turnover ratio	Not applicable	Not applicable
<b>h) Net capital turnover ratio</b>		
Net Sales	27,451.40	18,965.57
Working Capital	4,020.00	3,914.00
<b>Net capital turnover ratio</b>	<b>6.83</b>	<b>4.85</b>
<b>i) Net profit ratio</b>		
Net Profit	1,230.94	865.47
Net Sales	27,451.40	18,965.57
<b>Net profit ratio</b>	<b>4.48%</b>	<b>4.56%</b>
<b>j) Return on capital employed</b>		
Earning before interest and taxes	1,312.41	907.65
Capital Employed	8,856.39	7,629.30
<b>Return on capital employed</b>	<b>14.82%</b>	<b>11.90%</b>
<b>k) Return on investment</b>		
Net Profit	1,230.94	865.47
Net Investment	8,826.17	7,596.42
<b>Return on investment</b>	<b>13.95%</b>	<b>11.39%</b>

**36** The figures for the previous year are re-arranged/ re-grouped, wherever necessary.

As per our report of even date

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

**Arvind H. Shah**  
Proprietor  
M.No. 031224

Place : Mumbai  
Date : 26th May, 2022

For and on behalf of the Board of Directors

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

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

**Leela S. Bisht**  
Company Secretary & Compliance Officer  
Membership No. ACS 59748

Place : Mumbai  
Date : 26th May, 2022



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