



AARVI ENCON LIMITED



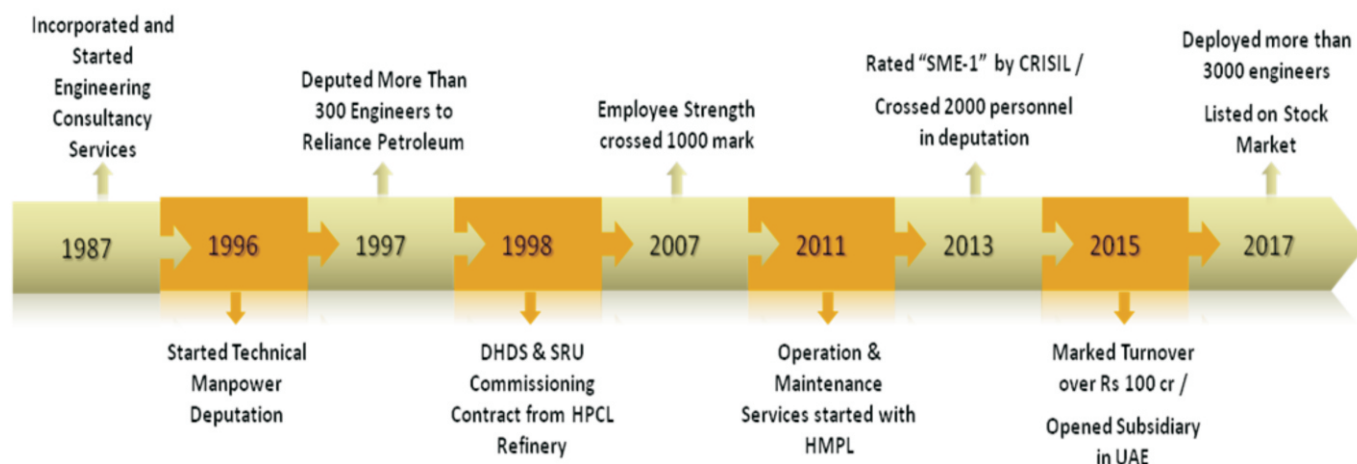
“... Delivering Excellence”



Annual Report 2017-18

Website: www.aarviencon.com

Milestones



Awards



NOCIL Award from Indian Institute of Chemical Engineers - 1993



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



Yes Bank Star SME Award from Business Today - 2011



Small Business Awards from Franchise India Holdings Limited - 2012



Crisil SME-1 Rating indicates "Highest Creditworthiness" - 2013



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



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



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



India Business Excellence Award from Worldwide Business Review - 2017



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

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Aarvi Encon Limited

Board of Directors and Committees

Board of Directors

Mr. Virendra D. Sanghavi
Managing Director

Mr. Jaydev V. Sanghavi -
Executive Director and CFO

Mrs. Niranjana V. Sanghavi
Non-Executive Director

Mr. P. N. Devarajan
(Ceased to be Director
w.e.f 02.11.2017)

Mr. Devendra J. Shrimanker
Independent Director
(w.e.f. 03.06.2017)

Mrs. Sonal N. Doshi
Independent Director
(w.e.f. 03.06.2017)

Mrs. Padma V. Devarajan
Independent Director
(w.e.f 01.02.2018)

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

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

Bigshare Services Private Limited
Registrar and Transfer Agent (RTA)

Bankers

Yes Bank Ltd
CITI Bank N.A
ICICI Bank
State Bank of India
Bank of Baroda
HDFC Bank

Board Committees

Audit Committee

Mr. Devendra J. Shrimanker -
Chairperson

Mrs. Sonal N. Doshi - Member

Mr. Jaydev V. Sanghavi - Member

Nomination and Remuneration Committee

Mr. Devendra J. Shrimanker -
Chairperson

Mrs. Sonal N. Doshi - Member

Mrs. Niranjana V. Sanghavi -
Member

Stakeholders Relationship Committee

Mrs. Sonal N. Doshi
Chairperson

Mr. Devendra J. Shrimanker -
Member

Mr. Jaydev V. Sanghavi
Member

Corporate Social Responsibility (CSR) Committee

Mr. Virendra D. Sanghavi
Chairperson

Mrs. Niranjana V. Sanghavi
Member

Mrs. Sonal N. Doshi
Member

Finance and Management Committee

Mr. Virendra D. Sanghavi -
Chairperson

Mr. Jaydev V. Sanghavi
- Member

Mrs. Niranjana V. Sanghavi -
Member

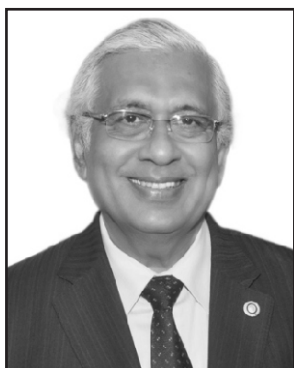
Company Secretary and Compliance Officer

Jay H. Shah

Registered Office

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

MESSAGE FROM MANAGING DIRECTOR



F.Y - 2017 – 2018

Dear Shareholders,

It is with great pleasure we present to you the 30th Annual Report on the performance of your company for the financial year 2017 - 2018.

The financial year 2017 - 2018 was extremely good year with overall improvement in Turnover and profit. This is the first year after your company went public and got listed on NSE Emerge, the SME Growth Platform. The public offer of 39,34,000 Equity shares of the face value of Rs. 10/- each issued at Premium of Rs. 44/- per share aggregating to Rs. 21.24 Crores. Your Company's turnover increased to Rs. 173.48 Crores in 2017 - 2018 from Rs. 153.19 Crores in 2016 - 2017 and net Profit also went up to Rs. 7.77 Crores this year from Rs. 5.35 Crores in the previous year.

The Company has been again rated at SME-1 by CRISIL for 'Higher Credit Worthiness', CRISIL has also upgraded its rating on bank loan facilities of the Company to '**CRISIL BBB/Stable/CRISIL A3+**' from '**CRISIL BBB-/Stable/CRISIL A3**'. We have cordial relation with all the staff members and their high productivity is well appreciated. We also place on record full co-operation received from all vendors and clients.

Since Oil & Gas industry went through price turbulence, we decided to move into additional fields of Renewable Energy (Solar and Wind Energy). You will be glad to know that we have now more than 600 Engineers deputed to various Solar plants to supervise all contractors. We have also decided to take large shutdown jobs of various refineries and fertilizer plants. Our diversification efforts in the field of Operation Maintenance of LPG Plants, Cross Country Pipeline and Refinery Upgradation along with upcoming

chemical projects. We expect that your company will achieve greater heights in upcoming year i.e 2018 - 2019.

During the year we have taken Operational control of "Bon Accord Employment Services" at UAE represented by its Owner Mr. Najeeb Hasan Al Zaabi. Mr. Najeeb is Ex-Adnoc and is good supporter to the company. Our capable representative Mr. R. Manoj, Vice-President has been nominated to look after the operation of the aforesaid Company. We expect good business from Bon Accord.

Our Saudi Venture with local partner is picking up with steady oil prices. Our partners are well connected with various Industrial Houses in Saudi Arabia, and provide better co-ordination in deployment of staff.

We are pleased to inform that Company has deployed 9.84 Million manhours without loss of time and there has been no incident at site. We also state that Cairn India have issued Best Safe Contractor Award to your Company.

General business tempo is very positive and would be giving us added revenue and profits. We are also planning to acquire some Indian and International companies in different vertical / geography.

I would like to express my gratitude to all our stake holders for their continuing faith in the company.

Once again thanking you for your support.

Yours Sincerely

Sd/-
VIRENDRA D. SANGHAVI
(MANAGING DIRECTOR)

NOTICE OF 30TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY

Notice is hereby given that 30th Annual General Meeting (First AGM post IPO of the Company) of Aarvi Encon Limited will be held on Friday, 31st August 2018 at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai - 400001 at 11.30 AM to transact following business;

ORDINARY BUSINESS

1. To consider and adopt (a) the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

(a) **"RESOLVED THAT** the audited financial statement of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

(b) **"RESOLVED THAT** the audited consolidated financial statement of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To Appoint a Director in place of Mrs. Niranjana V Sanghavi, Non-Executive Director of the Company, who retire by rotation and being eligible, offered herself for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Niranjana V Sanghavi (DIN: 01773124), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

3. To Declare a dividend on equity shares for the financial year ended March 31, 2018 and in this regard, pass the following resolution as an Ordinary

Resolution:

"RESOLVED THAT a dividend @5% i.e Rs 0.50/- (Fifty Paise only) per equity share of Rs. 10/- (Ten rupees) each fully paid-up of the Company be and is hereby approved for the financial year ended March 31, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2018."

SPECIAL BUSINESS

1. Appointment of Dr. Padma V Devarajan as Director of the Company.

To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution;

"RESOLVED THAT pursuant to Sections 149, 152 and 160 of the Companies act, 2013 and any other applicable provisions if any, Dr. Padma V Devarajan (DIN: 08064987), who was appointed as an Additional Director on 01st February, 2018 be and is hereby appointed as a Director of the Company who is not liable to retire by rotation.

"RESOLVED FURTHER THAT Mr. Jaydev V. Sanghavi, Executive Director & CFO and Jay H. Shah, Company Secretary of the Company, be and are hereby severally authorised to file relevant forms with the Registrar of Companies, Mumbai and to do such other acts, deeds and things as may be considered necessary in this regard."

For and on behalf of the Board of
Aarvi Encon Limited

Jay H. Shah
Company Secretary and
Compliance Officer

Date: May 19, 2018
Place: Mumbai

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY/PROXIES NEED NOT TO BE MEMBER OF THE COMPANY. A person can act as proxy on behalf of not more than fifty (50) and holding in aggregate not more than ten percent of total Share capital of the Company. The instrument of proxy in order to be effective should be deposited at the registered office of the company before 48 hours of commencement of the meeting.
2. The Blank Proxy Form is being sent herewith. Members/ Proxy holders must bring the attendance slip (attached herewith to the meeting and handover the same at the entrance of the meeting duly signed.
3. All documents referred to in the accompanying Notice and the statements are open for inspection by the members at the Registered Office of the Company on all working days up to date of Annual General Meeting between 1.00 PM to 3.00 PM.
4. Members are requested to notify immediately if any change in their addresses and other communication details.
5. Explanatory Statement according to the provisions of Section 102 of the Companies Act, 2013 read with The Company (Management and Administration) Rules, 2014, is annexed hereto.
6. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified true copy of Board resolution together with their specimen signature authorizing their representative to attend and vote on their behalf at the meeting.
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 as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
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 pursuant to Regulations 26 and 36 of the SEBI (LODR) Regulations, 2015 read with Secretarial Standard - 2 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
10. The notice of AGM along with Annual Report for 2017-18 is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participant(s) unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.
11. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately the change in the residential status on return to India for permanent settlement.
12. 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.
13. 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 4th August, 2018.
14. The entry to the meeting venue will be regulated by means of attendance slips. For attending the meeting, members, proxies and authorised representatives of the members, as the case may be, are requested to bring the enclosed attendance slip completed in all respects, including client ID and DP ID, and signed. Duplicate attendance slips will not be issued.
15. All members are requested to support Green Initiative of the Ministry of Corporate Affairs, Government of India and register their email addresses to receive all these documents electronically from the Company in accordance with Rule 18 of the Companies (Management & Administration) Rules 2014 and Rule 11 of the

Companies (Accounts) Rules 2014. All the aforesaid documents have been uploaded on and are available for download from the Company's website, being www.aarviencon.com kindly bring your copy of Annual Report to the meeting.

16. 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.

17. No gifts shall be provided to members before, during or after the AGM.

18. 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.

19. Members are requested to notify change of address and update bank accounts details to their respective depository participants directly.

20. A route map showing direction to reach the venue of the 30th AGM is given at the end of this notice as per the requirement of Secretarial Standards - 2 on General Meeting.

Voting system:

21. Pursuant to the provisions of section 108 of the Companies Act, 2013, rules 20 and 21 of the Companies (Management & Administration) Rules 2014 and sub Reg. (1) & (2) of Reg. 44 of SEBI (LODR) Regulations, 2015, the Company is not required to provide mandatorily to its members the electronic facility to exercise their right to vote at the AGM. Therefore, the facility for voting through polling paper shall be made available at the meeting and the members attending the Meeting shall be able to exercise their right at the Meeting through polling paper. A Proxy can vote in the ballot/poll process.

22. A Member present in person or by Proxy shall, on a poll or ballot, have votes in proportion to his share in the paid up equity share capital of the company, subject to differential rights as to voting, if any, attached to certain shares as stipulated in the Articles or by the terms of issue of such shares. A Member who is a related party is not entitled to vote

on a Resolution relating to approval of any contract or arrangement in which such Member is a related party.

23. The Members of the Company holding shares on the "cut-off date" of 4th August, 2018 are entitled to vote on the resolutions proposed. Cut-off date means the date on which the right of voting of the members shall be reckoned and a person who is not a member as on the cut-off date should treat this notice for information purposes only.

24. The results of the Ballot process will be placed by the company on its website www.aarviencon.com within two days from the date of the conclusion of the AGM and also communicated to the stock exchanges, where the shares of the company are listed.

25. The resolutions proposed will be deemed to have been passed on the date of the AGM subject to the receipt of the requisite number of votes in favor of the resolutions.

26. Mr. Sunil Agarwal, Practicing Company Secretary, (Membership No. FCS 8706) has been appointed as the Scrutiniser to scrutinise the Ballot process.

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

SPECIAL BUSINESS

1. Appointment of Dr. Padma V Devarajan as Director of the Company.

Dr. Padma V Devarajan (DIN: 08064987) was appointed as Additional Independent Director on the Board of the Company on 01st February, 2018. The Board believes that her immense knowledge and years of experience in the pharmaceutical field will enable the Company to reach out to the new industries in the pharma sector through her guidance and support.

As per Section 160 of the Companies Act, 2013, it requires to deposit one lakh rupees for such appointment of the proposed appointee by any share holder. However as per Section 50 of the Companies Amendment Act, 2017, if the Director is recommended by the Nomination and Remuneration Committee of the Company as constituted under Section 178 of the Companies Act, 2013 then no need to deposit one lakh rupees for such appointment. Therefore, the Company has not received the deposit for the aforesaid appointment.

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

Accordingly the Board recommends the said resolution for the appointment of Dr. Padma V Devarajan as Director for the approval of the shareholders of the Company.

For and on behalf of
Aarvi Encon Limited

Jay H. Shah
Company Secretary and
Compliance Officer

Route Map to the venue of the 30th Annual General Meeting of the Company to be held on 31st August, 2018.



DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Board's Report on the affairs of the Company together with the Audited Financial Statements for the year ended on 31st March, 2018.

FINANCIAL HIGHLIGHTS/PERFORMANCE OF THE COMPANY

The financial results for the year ended on 31st March, 2018 and the corresponding figures for the previous year are as under;

1. HIGHLIGHTS

Consolidated Performance

Your Company has reported growth in revenue and significant increase in the net profit for the year ended on 31st March 2018. Revenue from operations at Rs.

173.48 Cr. as against Rs. 153.19 Cr. of previous year increased by 13.24% year on year, reflecting better results than the previous year performance in key markets and segments. Operating profit at Rs. 9.54 Cr. as against Rs. 7.11 Cr. of previous year. The Operating Profit increased by 34.17% of previous year. This was good financial year for the company.

4. STANDALONE PERFORMANCE

The Company has reported growth in revenue and significant increase in the net profit for the year ended on 31st March 2018. Revenue from operations at Rs. 168.87 Cr. as against Rs. 146.22 Cr. of previous year increased by 15.49% year on year, reflecting better results than the previous year performance in key markets and segments. Operating profit at Rs. 8.05 Cr. as against Rs. 5.27 Cr. of previous year. The Operating Profit increased by 52.75% of previous year. This was very good financial year for the company.

	Standalone (Rs.in crores)		Consolidated (Rs.in crores)	
Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017	Year ended 31st March, 2018	Year ended 31st March, 2017
Net Revenue from Operations	168.87	146.22	173.48	153.19
Other Income	1.21	0.33	1.52	0.33
Total Income	170.09	146.55	175.01	153.53
Total Expenditure	162.03	141.28	165.47	146.41
Profit before tax	8.05	5.27	9.54	7.11
Provision for taxes				
Current Tax	1.89	1.76	1.77	1.76
Profit after taxes	6.16	3.50	7.77	5.35

2. DIVIDEND

The Board of Directors of the Company has recommended a dividend @5% i.e 0.50 per fully paid-up Equity Share of Rs. 10/- each of the Company subject to the approval of the Members at the ensuing Annual General Meeting, for the financial year 2017-18

3. RESERVES

The Balance in Reserves & Surplus stands at Rs. 43,74,22,882/- in comparison with the previous year balance of Rs. 30,09,64,624/-.

4. CONVERSION OF COMPANY

During the year, the Company has been converted from

Private Limited Company to Public Limited Company and fresh certificate of incorporation dated 05th July, 2017 to that effect, has been issued by the Registrar of Companies, Mumbai. Consequent to the Conversion of the Company, the name of the Company has been changed from Aarvi Encon Private Ltd to Aarvi Encon Ltd.

5. SUCCESSFUL INITIAL PUBLIC ISSUE (IPO) OF THE COMPANY

Your Directors are pleased to inform you that the Initial Public Offering (IPO) of the Company was successfully completed. The company entered the capital market with its maiden initial public offering (IPO) of 39,40,000 equity shares of face value of Rs. 10/- and at a premium of Rs. 44/- per share, aggregating to Rs. 21,24,36,000/-.

The issue opened for subscription on September 21, 2017 and closed on September 26, 2017 and was oversubscribed by 1.43 times. The equity shares have been listed on the SME Emerge Platform of National Stock Exchange of India Ltd (NSE) w.e.f October 05, 2017. Consequently, the Company's paid up capital has increased from Rs. 10,85,00,000/- to Rs. 14,78,40,000/-.

6. SHARE CAPITAL

The Paid-up Capital of the Company as on March 31, 2017 was Rs. 3,10,00,000 /- comprising of 3,10,000 equity shares of Rs.100/- each. During the year under review, the Company has sub-divided its nominal value of equity shares of Rs. 100 each fully paid up into 10 (Ten) Equity Shares of the nominal face value of Rs. 10/- each fully paid up as approved by the members in its meeting held on 28th April, 2017. The Company had also issued 77, 50,000 equity Shares of Rs. 10/- each as Bonus Shares as approved by shareholders in their meeting held on 17th July 2017 in the ratio of 5:2 and allotted to the shareholders at its' Board Meeting held on 26th July 2017. Further the Company has issued 39,34,000 Equity Shares of Rs. 10/- Each at Premium of Rs. 44/- per share to the general public via IPO. The total paidup Share Capital of the company is 14,78,84,000/- divided into 1,47,84,000/- equity shares of Rs.10/- each.

7. DEPOSITORY SYSTEM

Your Company's equity shares are in demat form only. The Company has appointed National Securities Depository Limited and Central Depository Services India Limited as depositories to the Company.

8. DETAILS OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, in view of the listing requirements the Company has appointed three Independent Directors i.e Mr. Devendra J Shrimanker, Mrs. Sonal N. Doshi on 03rd June, 2017 and Mrs. Padma V Devarajan on 01st February, 2018 to the Board to meet the proper composition of the Board of Directors. Apart from the Directors, the Company has appointed Mr. Jaydev V. Sanghavi as Chief financial officer (CFO) on 03rd June, 2017 and Mr. Jay H. Shah as Company Secretary cum Compliance Officer as the Key Managerial Personnel of the Company on 17th July, 2017.

Mr. P N Devarajan, an Independent Director of the Company expired on 02nd November, 2017. He was appointed on the Board of the Company in 2008. Mr. Devarajan had an experience of more than 3 decades in Chemical Industry. He has held senior positions in many organizations such as M/s. Merck Sharp and Dhome of India, Chemicals & Plastics India Limited, Shriram

Chemicals & Fertilizers Limited, Reliance Industries Ltd, Essar Group, etc. and the Company immensely benefitted from his contribution, vision and leadership during his tenure. He had a great energy and contributing capacity in every human being with whom he was working. He was associated with many social work organizations in India over the past many years, his guidance and strength will be missed.

The Board has noted his valuable contribution to the Company since his appointment on the board in the year of 2008.

9. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company, Mr. Devendra J Shrimanker, Mrs. Sonal N Doshi and Mrs. Padma V Devarajan, Independent Directors of the Company have confirmed to the board that they meet the criteria of independence as specified under section 149 (6) of the Companies Act, 2013.

The Board took note of the same.

10. BOARD COMMITTEES FORMED DURING THE YEAR

During the year under review, the following committees have been formed by the Company:

- a) Audit Committee
- b) Nomination and Remuneration Committee
- c) Corporate Social Responsibility Committee
- d) Stakeholder Relationships Committee
- e) Finance and Management Committee

The details of all the Committees of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

11. NO. OF MEETINGS HELD

The details of the meeting of the Board along with their composition and meetings held during the year are provided in the Report on Corporate Governance which forms part of this Annual Report.

12. BOARD EVALUATION

The Companies Act, 2013 states that a formal annual performance evaluation needs to be made by the Board of its own performance, the directors individually as well as the evaluation of its Committees. As per Schedule IV of the Companies Act, 2013, the performance evaluation of independent directors, shall be done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board.

13. RELATED PARTY TRANSACTIONS

All related party transactions have been entered by the Company during the financial year in the ordinary course of business and at the arm's length price. During the financial year under consideration the Company has entered into contracts / arrangements / transactions with related parties, which could be considered as material in accordance with the provisions of the Act, have been given in **"Annexure I" in Form No. AOC-2."**

14. STATUTORY AUDITOR

At the 29th AGM of the Company held on 15th July, 2017, M/s. Arvind H. Shah & Co., Chartered Accountants, having registration number (ICAI Firm Registration No. 100577W), were appointed as Statutory auditors of the Company for a term of five years i.e. till the conclusion of 34th Annual General Meeting subject to the ratification at the annual general meeting in each of the subsequent years during the aforementioned term of their appointment.

However, with the Notification dated 07th May, 2018 issued by the Ministry of Corporate Affairs (MCA), the first proviso to section 139(1) of the Companies Act, 2013 pertaining to the requirement of annual ratification of appointment of auditors by members is omitted. Accordingly, as per the Companies (Amendment) Act, 2017, ratification of the appointment of Statutory Auditors during their period of appointment will not be considered.

15. AUDITORS' REPORT

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

16. SECRETARIAL AUDIT REPORT

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, M/s. Sunil Agarwal & Co., Practicing Company Secretaries, Mumbai (CP No. 3286) as a Secretarial Auditors of the Company. The report of the Secretarial Auditors is enclosed as **Annexure II** to this report. The report is self-explanatory and do not call for any further comments.

17. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

As per the provision of Section 138 of the Companies Act, 2013, the Company has devised a proper system to check the internal controls and functioning of the

activities and recommend ways of improvement. Internal Audit is carried out timely. The internal financial controls with reference to financial statements as designed and implemented by the Company. During the year under review, no material or serious observation is received from the Internal Auditor of the Company for inefficiency and inadequacy of such controls.

18. EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report as **Annexure - III**.

19. 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

1. The Company has purchased office premises no. B2/901 located at 9th Floor, Marathon Innova, Marathon Nextgen Complex, Opp. Peninsula Corporate Park, Lower Parel (West), Mumbai - 400013 admeasuring 1567 Sq. ft. (Carpet Area) for a Consideration of Rs. 5,30,00,000/-.

2. The Company has sold its office premises unit no. 101 owned by Aarvi Engineering & Consultant Private Limited, a Wholly Owned Subsidiary of the Company for a consideration of Rs. 74,25,000/- and Unit No. 102 owned by the Company for a consideration of Rs. 1,18,80,000/- in A - Wing, on the first floor in "Techno city" Building situated on the Plot No. X - 4/1 & X - 4/2 in the Trans Thane Creek Industrial Area, MHAPE Village, Navi Mumbai.

Apart from aforesaid transactions, there is no other material transaction occurred during the year.

20. CORPORATE SOCIAL RESPONSIBILITY

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

During the year the Company has spent Rs. 12,04,700/- On CSR Activities. The Report on the CSR Activities is annexed herewith marked as **Annexure IV** to the Boards Report.

21. VIGIL MECHANISM

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

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

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

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

A) Conservation of Energy

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

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

2. The Capital Investment on Energy Conservation Equipment.

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

B) Technology Absorption:-

The Company has no activities relating to technology absorption.

c) Foreign Exchange Earnings and Outgo;

Particulars	2017 - 18	2016 - 17
Foreign Exchange Earnings in terms of actual inflows	Rs. 4,22,927/-	Rs. 1,77,96,974/-
Foreign Exchange outgo in terms of actual outflow	Rs. 15,36,828/-	Rs. 38,52,783/-

23. REVIEW OF SUBSIDIARY AND ASSOCIATE COMPANIES:-

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

Aarvi Engineering & Consultants Private Limited, a Wholly Owned Subsidiary of the company engaged in Consultancy Services has not performed well in the financial year 2017-18. The company is unable to acquire projects during the financial year 2017-18. The accounts of Aarvi Engineering & Consultants Private Limited are consolidated with the accounts of the company according to the provisions of Companies Act, 2013, Income Tax Act, 1961 and read with application "Accounting Standard" issued by ICAI.

Aarvi Encon FZE is a Wholly Owned Subsidiary of Aarvi Encon Limited. Aarvi Encon FZE has generated Rs. 4,60,79,026/- as revenue during the Financial Year under consideration. Salient features of subsidiary Companies is annexed as **Annexure - V** in form no.AOC-3

Apart from these the Company expects and committed to increase its presence on pan India basis. The Company is continuously exploring new avenues of business.

24. 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.

25. DEPOSITS

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

26. PARTICULARS OF LOAN, GUARANTEE OR INVESTMENTS

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

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

In accordance with Sexual Harassment of Women at

Work place (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder, the Company has formed an Internal Complaints Committee and also framed and adopted the policy for Prevention of Sexual Harassment at Workplace. The following is the summary of Sexual Harassment complaints received and disposed off during the year 2017-18.

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

28. STATEMENT OF DEVIATION AND/OR VARIATION IN UTILIZATION OF PUBLIC ISSUE PROCEEDS PURSUANT TO REGULATION 32 OF

SEBI (LISTING OBLIGATION AND DISCLOSURE REQUIREMENTS) REGULATION, 2015

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

Accordingly the Company has submitted its aforesaid statement as under;

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

29. HUMAN RESOURCES

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

30. PARTICULARS OF EMPLOYEES

The Company has no employee, who is in receipt of remuneration of Rs. 8,50,000/- per month or Rs. 1,02,00,000 per annum and hence the Company is not required to give information under sub rule 2 and 3 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

31. CREDIT RATING

Your Company's Domestic Credit Rating is CRISIL SME

Rating 1 for the long-term debt /facilities/NCDs by CRISIL. CRISIL has assigned the BBB/STABLE upgraded from BBB -/STABLE for long term borrowings and A3 + upgraded from 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.

32. DIRECTORS' RESPONSIBILITY STATEMENT

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

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) they have selected such accounting policies and

applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) They have prepared the annual accounts on a going concern basis;

(e) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and

(f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and

that such systems were adequate and operating effectively.

33. LISTING WITH STOCK EXCHANGES

Aarvi Encon Limited listed its shares on the SME Emerge Platform of NSE Limited on October 05, 2017. The listing fees duly paid to the exchange and annual custodial fees has been paid to CDSL and NSDL for the F.Y. 2018 -19.

34. 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: 19/05/2018
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

The staffing activity projected to grow in 2018 on the back of robust economic growth. The main factor behind the projected increase in hiring include the government's make in India initiative which has focused on public infrastructure projects, more overseas companies recruiting to build their teams in India, enhanced activity in the renewable energy sector and the increasing role of technology.

Company Overview

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

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

Our target companies are those that are from the above sector ranging operating company, EPC/PMC, O&M, contracting, inspection from fortune 500 oil and gas companies to smaller ones, situated in India, Saudi Arabia, UAE, Qatar, Kuwait etc.

Our core business is providing staffing solutions across industry sectors and diverse functional areas. The majority of our Associate/Employees are engaged in project, Operation & Maintenance , design engineering, construction, supervision, inspection, pre commissioning, commissioning functions. We focus on people, processes and technology to enhance business productivity by enabling our clients to outsource their staffing requirements and allowing them to focus on operating and growing their core businesses.

We have over 3395 Associate Employees on our rolls as of March 31, 2018. We have served over 168 clients till March, 2018. We are managed professionally by a high quality management team with deep extensive market and industry expertise, exhibiting thought leadership on matters of public policy.

Total operating revenue was Rs. 173.48 Cr. for F.Y. 2017 - 18 as compared to Rs. 153.19 Cr. in F.Y. 2016 - 17 there was increase of 13.24% in operating revenue, Operating EBITDA was Rs. 11.33 Cr. for F.Y. 2017 - 18 as compared to Rs. 9.63 Cr. in F.Y. 2016 - 17 with an increase of 18%. Profit after Tax (PAT) was Rs. 7.77 Cr. for F.Y. 2017 - 18 as compared to Rs. 5.35 Cr. in F.Y. 2016 - 17 reflecting increase of 45%.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

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

2. Composition of CSR Committee:

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

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

Particulars	2016-17	2015-16	2014-15
Net Profit as per Section 198 of the Companies Act, 2013 for the preceding three financial years.	5,27,35,596/-	3,12,94,226/-	9,55,16,068/-

4. Average Net Profit for three years : 5,98,48,371/-
5. Prescribed CSR expenditure (2% of average net profit) : 11,96,967/-
6. Details of CSR spend for the financial year
 - (a) Total Expenditure approved by the Board : 15,47,950/-
 - (b) Total amount spent during financial year : 12,04,700/-
 - (c) Total sanctioned amount yet to be spent : NIL
 - (d) Total amount yet to be sanctioned : NIL
 - (e) Total amount unspent : NIL

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

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Project or Programs (specify local area)	Amount outlay (budget project or program wise).	Amount spent on projects or programs (1) Direct Expenditure (2) Overheads	Cumulative Expenditure up to reporting period	Amount spent directly or through implementing agency.
1.	Providing education, books, shelter, organizing medical camps, eradicating poverty and hunger.	Education	Maharashtra	12,00,000/-	10,22,500/-	10,22,500/-	Shree Maniar Nagar Shwetamber Murtipujak Jain Trust, Shri., Bombay South Rotary Charitable Trust, Smt. Parsanben Narandas Ramji Shah (PNR Society), Institute Of Chemical Technology, M S D Samvardhini Annadhanam Trust, Save the Smile Foundation.
2.	Promoting Healthcare including Preventive healthcare.	Preventive Healthcare	Maharashtra	1,50,000/-	82,200/-	82,200/-	Abhilasha Foundation, Health N Care Foundation, Konkani Kalava Shikshan Vikas Sanstha, HelpAge India, Child Vision Foundation, Gift Foundation, Parivartan Sandesh Foundation
3.	Eradication of Poverty, hunger and malnutrition	Eradication of Poverty, hunger and malnutrition	Chennai	1,50,000/-	1,00,000/-	1,00,000/-	M S D Samvardhini Annadhanam Trust
			Total	15,00,000	12,04,700/-	12,04,700/-	

1. The Company is in process to identify more charitable organization, NGOs partners to actively support and channelize the activities/projects/ programmes to be undertaken in line with its CSR objectives. The Company has made adequate arrangements to expend more amounts under CSR. The company is undertaking its Corporate Social Responsibility activities through various Section 8 Companies, Registered Trusts and Registered Societies. These Companies, Trusts and Societies have established trace record of more than three years in undertaking similar programs or projects and the company has specified the projects or programs to be undertaken, the modalities of utilization of funds of such projects and programs and the monitoring and reporting mechanism.

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

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

Sd/-
Niranjana V. Sanghavi
Member

Date: 19/05/2018
Place: Mumbai

COMPLIANCE CERTIFICATE

To,
The Board of Directors,
Aarvi Encon Ltd.

Dear Sirs,

We, the Executive Director, Mr. Jaydev Sanghavi and Chief Accountant, Mr. Mathew Eappen hereby certified in terms of regulation 17 (8) read with Part B of schedule II of the SEBI Listing Regulation, 2015.

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

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

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

For Aarvi Encon Limited

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

Date:- 19th May, 2018
Place:- Mumbai

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

We have indicated to the auditors and the Audit committee

(1) Significant changes in internal control over financial reporting during the year;

(2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-
Mathew Eappen
Chief Accountant

ANNEXURE - I
Form No. AOC-2

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

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

1. Details of contracts or arrangement or transactions at arms' length basis:- Not Applicable.
2. Details of material contracts or arrangement or transaction at arms' length basis

Name(s) of Related Party	Nature of relationship	Nature of contract/ arrangement /transaction	Duration of contract/ arrangement /transaction	Silent terms of contract or arrangement or transaction including the value, if any	Date(s) of approval
Mr. Virendra D. Sanghavi	Managing Director	Remuneration	Continuous period	The Remuneration shall be payable in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 not exceeding Rs. 1,68,00,000/- (Rupees One Crore Sixty-Eight Lakhs Only) per annum, which includes salary of Rs. 1,08,00,000 (Rupees One Crore Eight Lakhs Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.	17th July, 2017
Mr. Jaydev V. Sanghavi	Executive Director	Remuneration	Continuous period	Remuneration payable to Mr. Jaydev Virendra Sanghavi in terms of the provisions of section 197 and Schedule V to the Companies Act, 2013 shall not exceed Rs. 1,68,00,000/- (Rupees One Crore Sixty Eight Lakhs Only) per annum, which includes salary of Rs. 84,00,000 (Rupees Eighty Four Lakhs Only) per annum and commission up to 0.50% of Gross Sales of previous financial year.	17th July, 2017
Mrs. Niranjana D. Sanghavi	Director	Rent Paid	Continuous period	Payment of an amount of Rs. 14,40,000/- P.A. against renting of premises Unit No. 155, Shah & Nahar, A-1, Sitaram Jadhav Marg, Lower Parel (W), Mumbai- 400013 owned by Mrs. Niranjana Virendra Sanghavi	01st April, 2017
Mrs. Niranjana V Sanghavi	Director	Sitting Fees	Event Based	Sitting Fees of Rs. 50,000/- to be paid to Mrs. Niranjana V Sanghavi for attending Board Meetings of the Company.	01st April, 2017
Mrs. Ami Jaydev Sanghavi	Directors Relatives	Remuneration	Continuous period	Remuneration of Rs. 5,00,000/- P.A. to be paid to Mr. Ami Jaydev Sanghavi, Admin Officer of the Company	01st April, 2017
Mrs. Naini Ninad Kulkarni	Directors Relative	Remuneration	Continuous period	Remuneration of Rs. 12,00,000/- P.A. to be paid to Mrs. Naini Ninad Kulkarni, Business Development Manager of the Company.	01st April, 2017

Date: 19/05/2018
Place: Mumbai

For and on behalf of the Board
Aarvi Encon Limited.

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

ANNEXURE - II

FORM No. MR-3:

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
(Pursuant to Section 204 (1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aarvi Encon Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. The Company was originally incorporated as a Private Limited Company on 03/12/1987 and was converted into a Public Limited Company on 05.07.2017-. The Company got listed on the SME Emerge Platform of National Stock Exchange of India Ltd (NSE) on October 5, 2017. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company, the information provided by the company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the audit period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and 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, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period).
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period).
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) Since the company is in the business of technical manpower outsourcing no specific laws except labour laws will be applicable to the company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

- (ii) The Listing Agreements entered into by the Company with NSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Decisions at the Board Meetings were taken unanimously.

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

I further report that during the audit period the following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

1. The Company had increased the authorized share capital of the company from Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 1,00,00,000 equity shares of Re. 10/- (Rupees Ten) each to Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 equity shares of Rs.10/- each by approving in the Board Meeting held on April 25th 2017 & in the Extra-Ordinary General Meeting held on April 28th 2017.
2. The Company has sub-divided its nominal value of equity shares of Rs. 100 each fully paid up into 10 (Ten) Equity Shares of the nominal face value of Rs. 10/- each fully paid up on 28th April, 2017.
3. The Company got converted from private limited company to public limited company w.e.f July 5th 2017 by virtue of which all the laws, rules, guidelines of a public limited company, is now applicable to the company.
4. The Company had issued 77,50,000 equity Shares of Rs. 10/- each as Bonus Shares as approved by

shareholders in their meeting held on 17th July 2017 in the ratio Of 5:2 and allotted to the shareholders on the Board Meeting held on 26th July 2017.

5. The company entered the capital market with its maiden initial public offering (IPO) of 39,34,000 equity shares of face value of Rs. 10/- and at a premium of Rs. 44/- per share, aggregating to Rs. 21,24,36,000. The issue opened for subscription on September 21, 2017 and closed on September 26, 2017 and was oversubscribed by 1.43 times. The equity shares have been listed on the SME Emerge Platform of National Stock Exchange of India Ltd (NSE) w.e.f. October 5th, 2017. Consequently, the Company's paid up capital had increased from Rs. 10,85,00,000/- to Rs. 14,78,40,000/-.

I further report that during the audit period the no major decision, specific events /actions occurred having a major bearing on the Company affairs in pursuance of the above referred laws, rules, regulations, guidelines standards etc.

I further report that there is a delay in filling form No.CHG-1 for modification of charge. However, as inform by the company the filling of the form is under process.

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

**Sd/-
SUNIL AGARWAL
(Proprietor)**

**FCS No. 8706
COP. No. 3286**

**Place: MUMBAI
Date: - May 18, 2018**

ANNEXURE TO

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018
(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
603, B1 WING, MARATHON INNOVA,
MARATHON NEXTGEN COMPLEX,
LOWER PAREL (W)
MUMBAI- 400 013.**

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

1. Maintenance of Secretarial Records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records, I believe that the processes and practices, I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company. I relied on the statutory report provided by the Statutory Auditor as well as Internal Auditor of the company for the financial year ending 31st March, 2018.
4. I have obtained the management representation wherever required about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provision and other applicable laws, rules, regulations, standards are the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial audit reports neither an assurance as to the future liability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Sd/-
SUNIL AGARWAL
(Proprietor)

FCS No. 8706
C.P. No. 3286

Place: MUMBAI
Date: May 18 2018

ANNEXURE III TO DIRECTOR'S REPORT
**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

i	CIN	U29290MH1987PLC045499
ii	Registration Date	03/12/1987
iii	Name of the Company	Aarvi Encon Limited
iv	Category/Sub-category of the Company	Indian Non-Government Company
v	Address of the Registered office & contact details	603, B1 Wing, Marathon Innova, Marathon Nextgen Complex, Lower Parel (West) Mumbai - 400013
vi	Whether listed company	Yes, Listed on the NSE Emerge, The SME growth Platform
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri (East), Mumbai – 400 059 Tel:- 022- 62638265

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL No	Name & Description of main products/services	"NIC Code of the Product /service"	"% to total turnover of the company"
1	Manpower Recruitment Services	781	100%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Aarvi Engineering & Consultants Private Limited	U74140MH2007PTC171010	Wholly Owned Subsidiary Company	100%	Section 2 (87)
2	Aarvi Encon FZE	45499	Wholly Owned Subsidiary Company	100%	Section 2 (87)

IV SHAREHOLDING PATTERN
(Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Demat	Physical
A. Promoters										
(1) Indian	3100000	-	3100000	100%	*10850000	-	*10850000	73.39%	26.61%	-
a) Individual/HUF										
b) Central Govt. or State Govt."										
c) Bodies Corporates										
d) Bank/FI										
e) Any other										
SUB TOTAL:(A) (1)	3100000	-	3100000	100%	10850000	-	10850000	73.39%	26.61%	-
(2) Foreign										
a) NRI- Individuals										-
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other...										
SUB TOTAL (A) (2)										
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"	3100000	-	3100000	100%	10850000	-	10850000	73.39%	26.61%	-
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
c) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds"										
i) Others (specify)										
1) NRI (Individuals)	0	-	0	0	42000	-	42000	0.29%	0.29%	
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporates	0	-	0	-	736000	-	736000	4.97%	4.97%	
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.2 Lakhs	0	-	0	-	1022000	-	1022000	6.91%	6.91%	
ii) Individuals shareholders holding nominal share capital in excess of Rs.2Lakhs	0	-	0	-	2108000	-	2108000	14.26%	14.26%	
c) Others (specify)	0	-	0	-	26000	-	26000	0.18%	0.18%	
SUB TOTAL (B)(2):					3934000		3934000	26.61%	26.61%	
"Total Public Shareholding (B)= (B)(1)+(B)(2)"										
"C. Shares held by Custodian for GDRs & ADRs"										
Grand Total (A+B+C)	3100000	-	3100000	100.00%	14784000	-	14784000	100.00%		

Notes:-

* On 25th April 2017, the Company has increased its authorised share capital from Rs. 10,00,00,000/- divided into 10,00,000 Equity Shares of Rs. 100 each to Rs. 15,00,00,000/- divided into 15,00,000 Equity Shares of Rs. 100 each by creating 5,00,000 Equity Shares of Rs. 100 each.

* On 25th April 2017, the Company has sub-divided its nominal value of equity shares of Rs. 100 each fully paid up into 10 (Ten) Equity Shares of the nominal face value of Rs. 10/- each fully paid up.

* On 26th July, 2017, the Company has issued 77,50,000 Bonus Equity Shares to its existing shareholders in the proportion of 5 Bonus Shares of Rs. 10 each for every 2 fully paid up Equity Shares of Rs. 10 each held by them.

* On 29th September, 2017, the Company has issued 39,34,000 New Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public.

(ii) Share Holding of Promoters

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	VIRENDRA D. SANGHAVI	155000	50%	-	4340000	29.36%	-	-21%
2	NIRANJANA V. SANGHAVI	93000	30%	-	3255000	22.01%	-	-8%
3	JAYDEV V. SANGHAVI	62000	20%	-	2170000	14.68%	-	-5%
4	NAINI N. KULKARNI	-	-	-	542500	3.67%	-	-
5	AMI J. SANGHAVI	-	-	-	271250	1.83%	-	-
6	ADITYA J. SANGHAVI	-	-	-	162750	1.11%	-	-
7	NINAD V KULKARNI	-	-	-	108500	0.73%	-	-
	Total:-	310000	100.00%	-	10850000	73.39%	-	-26.61%

(iii) Change in Promoters' Shareholding (Specify if there is no change)

SI No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	310000	100%	310000	100.00%
2	On 25th April 2017, the Company has sub-divided its nominal value of equity shares of Rs. 100 each fully paid up into 10 (Ten) Equity Shares of the nominal face value of Rs. 10/- each fully paid up.	3100000	100%	3100000	100.00%
3	On 26th July, 2017, the Company has issued 77,50,000 Bonus Equity Shares to its existing shareholders in the proportion of 5 Bonus Shares of Rs. 10 each for every 2 fully paid up Equity Shares of Rs. 10 each held by them.	7750000	100%	10850000	73.39%
4	On 29th September, 2017, the Company has issued 39,34,000 New Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public. (Promoter and Promoter Group divested 26.61% through IPO.)	0	0%	0	0.00%
5	At the end of the year	10850000	100%	10850000	73.39

**(iv) Shareholding Pattern of top ten Shareholders
(other than Directors, Promoters & Holders of GDRs & ADRs)**

SI No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
1	At the beginning of the year				
	On 29th September, 2017, the Company has issued 39,34,000 New Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public. (Promoter and Promoter Group divested 26.61% through IPO.)	1722000	11.65%	1722000	11.65%
2	At the end of the year (or on the date of separation, if separated during the year)	1722000	11.65%	1722000	11.65%

(v) Shareholding of Directors & KMP

SI No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	For Each of the Directors & KMP				
	At the beginning of the year				
1	Mr. Virendra D. Sanghavi	155000	50%	155000	50%
2	Mrs. Niranjana V. Sanghavi	93000	30%	93000	30%
3	Mr. Jaydev V. Sanghavi	62000	20%	62000	20%
	On 29th September, 2017, the Company has issued 39,34,000 New Equity Shares of Rs. 10 each fully paid up through Initial Public Offer (IPO) to the General Public. (Promoter and Promoter Group divested 26.61% through IPO.)				
1	Mr. Virendra D. Sanghavi	4340000	29.36%	4340000	29.36%
2	Mrs. Niranjana V. Sanghavi	3255000	22.01%	3255000	22.01%
3	Mr. Jaydev V. Sanghavi	2170000	14.68%	2170000	14.68%
	At the end of the year				
1	Mr. Virendra D. Sanghavi	4340000	29.36%	4340000	29.36%
2	Mrs. Niranjana V. Sanghavi	3255000	22.01%	3255000	22.01%
3	Mr. Jaydev V. Sanghavi	2170000	14.68%	2170000	14.68%

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
I) Principal Amount	68,80,598.00	99,83,189.00	-	1,68,63,787.00
ii) Interest due but not paid			-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	68,80,598/-	99,83,189/-	-	1,68,63,787.00
Change in Indebtedness during the financial year				
Additions			-	-
Reduction	37,81,208.00	92,50,015.00	-	1,30,31,223.00
Net Change	37,81,208.00	92,50,015.00	-	1,30,31,223.00
Indebtedness at the end of the financial year				
I) Principal Amount	30,99,390.00	7,33,174.00	-	38,32,564.00
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	-	-	-	
Total (i+ii+iii)	30,99,390.00	7,33,174.00	-	38,32,564.00

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl.No	Particulars of Remuneration	Name of the MD/WT/Manager	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	Mr. Virendra D. Sanghavi	1,00,71,869
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	"	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	"	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission as % of profit others (specify)		44,22,556
5	Others, please specify	-	-
	Total (A)		1,44,94,425
	Ceiling as per the Act		1,68,00,000
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	Mr. Jaydev V. Sanghavi	74,00,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	"	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	"	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	44,22,556
	as % of profit others (specify)		
5	Others, please specify	-	-
	Total (A)	-	1,18,22,556
	Ceiling as per the Act		1,68,00,000

B. Remuneration to other directors:

Sl.No	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors	Mr. Devendra J. Shrimanker	
	(a) Fee for attending board committee meetings	80,000.00	80,000.00
	(b) Commission	-	-
	(c) Others, please specify	-	-
	Director Remuneration		
	Director Remuneration		
		Mr. Sonal N. Doshi	
	(a) Fee for attending board committee meetings	60,000.00	60,000.00
	(b) Commission		
	(c) Others, please specify		
	Director Remuneration		
	Director Remuneration		
		Mr. Padma V. Devarajan	
	(a) Fee for attending board committee meetings	20,000.00	20,000.00
	(b) Commission		
	(c) Others, please specify		
	Director Remuneration		
	Director Remuneration		
	Total (1)	1,80,000.00	1,80,000.00
2	Other Non Executive Directors	Niranjana V Sanghavi	
	(a) Fee for attending board committee meetings	40,000.00	40,000.00
	(b) Commission	-	-
	(c) Others, please specify.	-	-
	Total (2)	40,000.00	40,000.00
	Total (B)=(1+2)	2,20,000.00	2,20,000.00
	Total Managerial Remuneration		
	Overall Ceiling as per the Act.		

C. Remuneration to Key Managerial Personnel Other than MD/MANAGER/WT D

Sl. No.	Particulars of Remuneration		Key Managerial Personnel			Total
1	Gross Salary	CEO	" Company Secretary "	CFO	Total	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	*2,52,000.00	-	2,52,000.00	2,52,000.00
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit					
	others, specify					
5	Others, please specify	-	-	-	-	-
	Total	-	2,52,000.00	-	2,52,000.00	2,52,000.00

NOTE : "Mr. Jay H. Shah has been appointed as Company Secretary and Compliance Officer on 17th July, 2017 and the aforesaid remuneration is for 9 Months." "Mr. Jaydev Sanghavi is a Executive Director and CFO of the Company, He is receiving remuneration in the capacity of the Director of the Company and not in the capacity of Chief Financial Officer (CFO) of the Company."

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment					
Compounding					
B. DIRECTORS					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A	N.A	N.A	N.A	N.A
Punishment					
Compounding					

ANNEXURE IV

Report on Corporate Governance;

1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE;

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

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

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

The Company being a citizen of India committed in development of neighboring society and country. We have through providing donations to various charitable institutions for welfare of people in need. We have through various clubs provided computers, laptops, books in various schools, Solar operated water pumps distribution system to Adivasi Village and toilet block for some schools as a part of our Social Responsibility.

2. BOARD COMPOSITION AND CATEGORY OF DIRECTORS;

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

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

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

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

Name of Director	Position	Attendance at meetings during 2017 -18		No. of Directorships as on 31st March, 2018	No. of Membership (s) Chairmanship (s) of Board Committees in other Companies as on 31st March, 2018
		Board	Last AGM		
Mr. Virendra D. Sanghavi	Managing Director	13	Yes	1	
Mr. Jaydev V. Sanghavi	Executive Director	13	Yes	3	-
Mrs. Niranjana V. Sanghavi	Non-Independent Director	11	Yes	-	-
Mr. Devendra J Shrimanker (Appointed on 03rd June, 2017 as Independent Director)	Independent Director	3	-	5	
Mrs. Sonal N. Doshi (Appointed on 03rd June, 2017 as Independent Director)	Independent Director	3	-	1	
Mrs. Padma V Devarajan (Appointed on 01st February, 2018 as Independent Director)	Independent Director	1	-	-	

3. NO. OF BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR I.E F.Y. 2017 -18;

- A. 14 (Thirteen) Board Meetings were held during the year (FY. 2017 - 18), as against the minimum requirement of four meetings. The details of the Board Meetings held are given below;

Date of Board meeting	Board Strength	No. of Director Present
01.04.2017	4	3
25.04.2017	4	3
23.05.2017	4	3
03.06.2017	4	3
12.06.2017	6	3
17.07.2017	6	5
26.07.2017	6	5
01.08.2017	6	5
23.08.2017	6	3
07.09.2017	6	3
11.09.2017	5	5
14.11.2017	5	4
01.02.2018	5	4
30.03.2018	6	6

- B. 2 Audit Committee Meetings were held during the year i.e 2017 - 18, the details of the Audit Committee Meetings are as follows;

Date of Board meeting	Board Strength	No. of Director Present
14.11.2017	3	3
01.02.2018	3	3

- C. Nomination and Remuneration Committee Meeting were held on 01st February, 2018, the details of the same as under;

Date of Board meeting	Board Strength	No. of Director Present
01.02.2018	3	2

- D. Corporate Social Responsibility Committee Meetings were held during the year i.e 2017 - 18, the details of the same as under;

Date of Board meeting	Board Strength	No. of Director Present
01.04.2017	3	3
11.09.2017	3	3

- E. Finance and Management Committee Meetings were held during the year i.e 2017 - 18, the details of the same as under;

Date of Board meeting	Board Strength	No. of Director Present
03.02.2018	3	3
20.03.2018	3	3

4. 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 has issued 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

5. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

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 of the company.

6. DETAILS OF THE BOARD COMMITTEES OF THE COMPANY;

The Board has constituted following Committees during the year as under;

Composition of the Audit Committee:-

Name of the Director	Status	Nature of Directorship
Mr. Devendra J. Shrimanker	Chairman	Non-Executive and Independent Director
Mrs. Sonal N. Doshi	Member	Non-Executive and Independent Director
Mr. Jaydev V. Sanghavi	Member	Executive Director

Composition of the Nomination and Remuneration Committee:-

Name of the Director	Status	Nature of Directorship
Mr. Devendra J. Shrimanker	Chairman	Non-Executive and Independent Director
Mrs. Sonal N. Doshi	Member	Non-Executive and Independent Director
Mrs. Niranjana V. Sanghavi	Member	Non-Executive Director

Composition of the Stakeholder Relationship Committee:-

Name of the Director	Status	Nature of Directorship
Mrs. Sonal N. Doshi	Chairman	Non-Executive and Independent Director
Mr. Devendra J. Shrimanker	Member	Non-Executive and Independent Director
Mr. Jaydev V. Sanghavi	Member	Executive Director

Composition of the Corporate Social Responsibility Committee:-

Name of the Director	Status	Nature of Directorship
Mr. Virendra D. Sanghavi	Chairman	Managing Director
Mrs. Niranjana V. Sanghavi	Member	Non-Executive Director
Mrs. Sonal N. Doshi	Member	Non-Executive and Independent Director

Composition of the Finance and Management Committee:-

Name of the Director	Status	Nature of Directorship
Mr. Virendra D. Sanghavi	Chairman	Managing Director
Mr. Jaydev V. Sanghavi	Member	Executive Director
Mrs. Niranjana V. Sanghavi	Member	Non-Executive Director

7. REMUNERATION TO:
a. Managing Director & Whole-Time Director:

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

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

Revision to the existing remuneration/compensation structure may be recommended by the Committee to the Board subject to approval of the Shareholders whenever 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.

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

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

9. PERFORMANCE EVALUATION:

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

10. ANNUAL GENERAL MEETINGS;

Year	Location	Date	Timing
2016-17	603, B1, Marathon Innova, Marathon Nextgen complex, Lower Parel (W), Mumbai-400013.	15TH July, 2017	11.30 A.M
2015-16	603, B1, Marathon Innova, Marathon Nextgen complex, Lower Parel (W), Mumbai-400013.	30th Sept, 2016	2.30 PM
2014-15	Unit No. 155, Shah & Nahar Inds. Estate, Sitaram Jadhav Marg, Lower Parel (W), Mumbai-400013.	30th Sept, 2015	2.30 PM

11. MEETINGS OTHER THAN ANNUAL GENERAL MEETING;

During the FY 2017 -18, the Extra Ordinary General Meeting of the Members of the Company held as under;

Sr. No.	Date of the Meeting
1.	28.04.2017
2.	13.06.2017
3.	24.07.2017
4.	03.10.2017

12. CODE OF CONDUCT

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

13. DIVIDEND DISTRIBUTION SUMMARY;

Financial Year	Amount of Dividend (Rs.)	%	Date of payment
2016-17	31,00,000	10	01/03/2017
2015-16	62,00,000	20	19/02/2015
2014-15	62,00,000	20	26/09/2014
2013-14	62,00,000	20	26/03/2014
2012-13	62,00,000	20	04/05/2013
2011-12	46,50,000	15	27/03/2012
2010-11	46,50,000	15	24/02/2011
2009-10	77,49,250	25	24/02/2010

14. DISCLOSURES ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS THAT MAY HAVE POTENTIAL CONFLICT WITH INTEREST OF COMPANY AT LARGE;

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

Annexure -V

AOC 3

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

Sr.No.	Particulars	Name of the Subsidiary Company		
		Aarvi Encon FZE (Amount)		Aarvi Engineering and Consultancy Pvt Ltd.
1	Reporting Currency	INR	AED	INR
2	Equity Share Capital	27,06,600/-	1,50,000/-	20,00,000
3	Other Equity	-	-	-
4	Total Assets	4,39,81,821/-	24,88,559/-	70,76,642/-
5	Total Liabilities	63,94,861/-	3,61,831/-	6,10,976/-
6	Investments	-	-	-
7	Revenue from Operation/Total Income	4,60,79,026/-	26,40,070/-	*32,29,836/-
8	Profit Before Tax	1,24,58,494/-	7,10,678/-	23,92,116/-
9	Provision for Tax	-	-	5,62,500/-
10	Deferred Tax	-	-	(18,47,961)
11	Profit After Tax	1,24,58,494/-	7,10,678/-	36,77,577/-
12	Other Comprehensive Income	1,280/-	73/-	0
13	Total Comprehensive Income	4,60,80,306/-	26,40,143/-	32,29,836/-
14	Proposed Dividend	-	-	-
15	% of Shareholding	100%	100%	100%

Note:- Profit on sale of office premises of the Company.

INDEPENDENT AUDITOR'S REPORT

To The Members of Aarvi Encon Limited

Report on Standalone Financial Statements

We have audited accompanying standalone financial statements of Aarvi Encon Limited (the "company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Statement of Cash Flow for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing Specified under section 143(10) of the Act. Those Standards require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2018 and its profit and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c) the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) on the basis of written representations received from the directors as on 31 March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls refer to our separate report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial control over financial reporting.

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company does not have any pending litigations which would impacts its financial position.

ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**Sd/-
Arvind Shah
(Proprietor)
Membership No. 100/31224**

**Place : Mumbai.
Date : 19th May,2018**

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

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2018, we report that

(I) (a) The company is in process of maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular program of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information & explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of company.

(II) The Company being in service sector, does not hold any physical inventories. Accordingly, reporting under clause 3(ii) of the Order is not applicable to the Company.

(III) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii)(a) to (c) of paragraphs 3 of the order are not applicable to the company.

(IV) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(V) The Company has not accepted deposits from the public during the year and does not have any unclaimed deposits as at March 31, 2018 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, an undisputed amount of Rs. 34,78,290/- payable in respect of the above were in arrears as at March 31, 2018 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 income tax, sales tax, service tax, duty of custom, duty of excise, value added tax outstanding on account of any dispute.

(VIII) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

(IX) During the year under review the Company has raised an amount of Rs. 21,24,36,000/- by way of initial public offer, issuing and allotting the equity shares. In our opinion and according to information and explanations provided to us the Company has applied the said funds raised for the purposes of the issue.

(X) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(XI) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid or provided for managerial remuneration.

(XII) The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

(XIII) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

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

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

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

For Arvind H. Shah & Co.

Chartered Accountants

Firm Reg. No. 100577W

Sd/-

Arvind Shah

(Proprietor)

Membership No. 100/31224

Place : Mumbai.

Date : 19th May, 2018

Aarvi Encon Limited

Annexure - B to the Independent Auditor's Report Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Aarvi Encon Limited ("the Company") as of 31 March 2018 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 2018, 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

Sd/-

Arvind Shah

(Proprietor)

Membership No. 100/31224

Place: Mumbai.

Date: 19th May, 2018

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

Balance Sheet as at March 31, 2018
(Currency: Indian Rupees)

	Note	As at March 31, 2018	As at March 31, 2017
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	147,840,000	31,000,000
(b) Reserves and surplus	4	438,522,882	300,964,624
		586,362,882	331,964,624
2 Non-current liabilities			
(a) Long-term borrowings	5	2,020,124	2,721,571
(b) Deferred tax liabilities (net)	6	1,477,615	1,149,684
		3,497,739	3,871,255
3 Current liabilities			
(a) Short-term borrowings	7	34,919,481	128,246,319
(b) Trade payables	8	87,781,470	128,647,167
(c) Other current liabilities	9	68,608,480	47,434,455
(d) Short-term provisions	10	228,009	-
		191,537,440	304,327,942
TOTAL		781,398,061	640,163,820
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	63,845,835	65,422,584
(ii) Intangible assets	11	370,064	259,809
		64,215,899	65,682,393
(b) Non-current investments	12	6,734,428	6,734,428
(c) Long-term loans and advances	13	158,611,423	121,802,790
(d) Other non-current assets	14	72,309,356	26,860,436
		237,655,206	155,397,654
2 Current assets			
(a) Trade receivables	15	386,737,325	323,039,197
(b) Cash and cash equivalents	16	66,285,497	64,842,005
(c) Short-term loans and advances	17	14,198,281	25,886,720
(d) Other current assets	18	12,305,852	5,315,851
		479,526,955	419,083,773
TOTAL		781,398,061	640,163,820
See accompanying notes forming part of the financial statements	1-39		

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018

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

Statement of Profit and Loss for the year ended March 31, 2018
(Currency: Indian Rupees)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
1 Revenue from operations	19	1,688,763,991	1,462,237,492
2 Other income	20	12,175,143	3,353,721
3 Total revenue (1+2)		1,700,939,134	1,465,591,213
4 Expenses			
(a) Direct expenses	21	1,482,759,201	1,276,460,009
(b) Employee benefits expense	22	88,398,430	81,431,987
(c) Finance costs	23	10,279,343	16,121,597
(d) Depreciation and amortisation expense	11	7,228,303	8,375,494
(e) Other expenses	24	31,702,432	30,466,530
Total expenses		1,620,367,709	1,412,855,617
5 Profit before exceptional and extraordinary items and tax (3 - 4)		80,571,425	52,735,596
6 Exceptional items		-	-
7 Profit before extraordinary items and tax (5 + 6)		80,571,425	52,735,596
8 Extraordinary items		-	-
9 Profit before tax (7 + 8)		80,571,425	52,735,596
10 Tax expense / (benefit):			
(a) Current tax expense		19,500,000	17,500,000
(b) Short / (Excess) provision for tax relating to prior years		(865,096)	-
(c) Net current tax expense		18,634,904	17,500,000
(d) Deferred tax		327,931	140,458
Net tax expense / (benefit)		18,962,835	17,640,458
11 Profit from continuing operations (9 - 10)		61,608,590	35,095,138
12 Profit from discontinuing operations		-	-
13 Profit for the year (11 + 12)		61,608,590	35,095,138
Earnings per equity share			
Basic & diluted	32	4.79	32.35
Nominal value of each share	32	10.00	100.00
See accompanying notes forming part of the financial statements	1-39		

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018

Aarvi Encon Limited
(Formerly known as Aarvi Encon Private Limited)
Cash Flow Statement for the year ended March 31, 2018
(Currency: Indian Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Cash flow from operating activities		
Profit / (Loss) before extraordinary items and tax	80,571,425	52,735,596
Adjustments for:		
Depreciation and amortisation expense	7,228,303	8,375,494
Profit on sale / write off of assets	(8,285)	
Finance costs	10,279,343	
Interest income	(12,054,321)	(3,268,737)
Liabilities / provisions no longer required written back	(108,300)	
Net unrealised exchange (gain) / loss		
Operating profit / (loss) before working capital changes	85,908,165	57,842,354
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(63,698,129)	(51,226,238)
Short-term loans and advances	11,688,439	(21,050,812)
Long-term loans and advances	(17,433,849)	16,844,494
Other current assets	(6,990,001)	
Other non-current assets	(45,448,920)	(9,377,214)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(40,757,394)	30,262,380
Other current liabilities	21,174,025	21,662,200
Short-term provisions	(3,883,101)	-
Cash generated from operations	(59,440,764)	44,957,163
Net income tax (paid) / refunds	(28,628,168)	(40,058,000)
Net cash flow from / (used in) operating activities (A)	(88,068,932)	4,899,163
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(6,783,025)	(5,611,910)
Proceeds from sale of fixed assets	9,500	99,535
Bank balances not considered as Cash and cash equivalents	(6,500,000)	1,000,000
Interest received	12,054,321	2,070,998
Net cash flow from / (used in) investing activities (B)	(1,219,204)	(2,441,377)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	212,436,000	-
Expenses incurred on issue of equity shares	(23,896,743)	
Repayment of long-term borrowings	(701,447)	(1,896,141)
Proceeds from short term borrowings	-	48,702,577
Repayment of other short-term borrowings	(93,326,839)	-
Finance costs	(10,279,343)	-
Dividends paid	-	(3,100,000)
Tax on dividend	-	(629,222)
Net cash flow from / (used in) financing activities ©	84,231,628	43,077,214
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(5,056,508)	45,535,000
Cash and cash equivalents at the beginning of the year	60,714,210	15,179,210
Cash and cash equivalents at the end of the year	55,657,702	60,714,210
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances (Refer Note 16)	66,285,497	64,842,005
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements:		
In earmarked accounts		
- Term deposit with bank pledged/lienied	10,627,795	4,127,795
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	55,657,702	60,714,210
Cash and balance at the end of the year	66,285,497	64,842,005

In terms of our report attached.
For Arvind H. Shah & Co.
Chartered Accountants
Firm Registration No. 100577W
Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors
Sd/-
Virendra D. Sanghavi
Managing Director
DIN:00759176
Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018

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

Notes forming part of the financial statements for the year ended March 31, 2018

1 Corporate information

"Aarvi Encon Limited (referred to as ""the Company""") is a Human Resource Company, offering capable manpower resources to businesses. The Company was incorporated as Aarvi Encon Private Limited under the provisions of the Companies Act 1956 vide certificate of incorporation dated December 03, 1987, issued by the Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of the Company was changed to Aarvi Encon Limited pursuant to conversion into a public company vide Shareholders' approval on June 13, 2017 and fresh certificate of incorporation dated July 05, 2017 issued. The Company undertook an Initial Public issue of equity shares and subsequently got its equity shares listed on the National Stock Exchange, Emerge (SME Segment) with effect from 05.10.2017"

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

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

2.2 Use of estimates

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

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

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

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

2.4 Cash flow statement

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

2.5 Fixed Assets (Tangible / Intangible)

Tangible fixed assets

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

Capital work-in-progress:

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

Intangible assets:

"Intangible assets include computer software and licenses acquired by the company. Intangible assets, all of which have been acquired and are controlled through

custody or legal rights are capitalised at cost, where they can be reliably measured."

2.6 Depreciation and amortisation

Tangible Assets

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

Intangible Assets

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

2.7 Impairment of assets

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

2.8 Leases

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

2.9 Investments

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

2.10 Revenue recognition

Income from services

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

2.11 Other income

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

2.12 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

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

Treatment of exchange differences

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

2.13 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

"For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. In addition to the above, the Company does not recognise its liability in respect of gratuity for associate employees and its right of reimbursement as an asset."

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under : (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are

recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.14 Borrowing costs

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

2.15 Earnings per share

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

2.16 Taxes on income

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

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

2.17 Provisions and contingencies

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

2.18 Share issue expenses

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

2.19 Insurance claims

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

2.20 Goods and service tax input credit

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

2.21 Operating Cycle

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

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

3 Share capital

Authorised

"1,50,00,000 equity shares of Rs.10/- each
(March 31, 2017: 10,00,000 equity shares of Rs. 100/- each) "

Issued, Subscribed and Fully paid up

"1,47,84,000 equity shares of Rs.10/- each
(March 31, 2017: 310,000 equity shares of Rs. 100/- each) "

As at March 31, 2018	As at March 31, 2017
150,000,000	100,000,000
147,840,000	31,000,000

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
Opening balance	310,000	31,000,000	310,000	31,000,000
Subdivision of shares (Refer Note 1 below)	2,790,000	-		
Issue of Bonus Shares (Refer Note 2 below)	7,750,000	77,500,000		
Fresh Issue of shares during the year (Refer Note 3 below)	3,934,000	39,340,000		
Closing balance	14,784,000	147,840,000	310,000	31,000,000

Notes:

- Pursuant to the resolution passed by the Shareholders of the Company in the Extra Ordinary General Meeting of the Company held on April 28, 2017, each existing Equity Share of the Company having face value of Rs. 100/- (Rupees Hundred) each has got sub-divided into 10 (Ten) Equity Shares having face value of Rs. 10/- (Rupees Ten) each fully paid up.
- The Company has issued and allotted 77,50,000 equity shares of Rs. 10/- each to the eligible holders of equity shares as per the Board resolution dated July 17, 2017 by capitalizing reserves. The basis of issue is five (5) shares for every two (2) shares held.
- (a) The Company has issued and allotted 39,34,000 equity shares of Rs. 10/- each at a premium of Rs. 44/- per share as per Board resolution dated September 29, 2017.
(b) Rights, preferences and restrictions attached to equity shares
The Company has one class of equity shares having a par value of Rs 10 each. Each shareholder is eligible for one vote per share held. The final dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
(c) Particulars of shareholders holding more than 5% shares of the aggregate shares of the Company

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Equity Shares				
Mr. Virendra D. Sanghavi	4,340,000	29.36%	155,000	50.00%
Mrs. Niranjana V. Sanghavi	3,255,000	22.02%	93,000	30.00%
Mr. Jaydev V. Sanghavi	2,170,000	14.68%	62,000	20.00%

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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 4 Reserves and surplus

	As at March 31, 2018	As at March 31, 2017
(a) General reserve Opening balance & Closing balance	56,736,562	56,736,562
(b) Securities premium account Opening balance	-	-
Add : Premium on shares issued during the year	173,096,000	-
Less : Utilised during the year for: Writing off shares issue expenses	23,896,743	-
Closing balance	149,199,257	-
© Surplus / (Deficit) in Statement of Profit and Loss Opening balance	244,228,062	221,223,666
Add: Profit / (Loss) for the year	61,608,590	35,095,138
Provision for tax of earlier year 2013-14	8,361,520	-
Less: Interim dividend	-	3,100,000
Tax on dividend	-	629,222
Provision for tax of earlier year 2013-14	-	8,361,520
Issuing bonus shares	77,500,000	-
Provision for gratuity	4,111,110	-
Closing balance	232,587,063	244,228,062
	438,522,882	300,964,624

Note 5 Long-term borrowings

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Secured				
Term loan from bank (refer Note 1 below)	-	-	-	2,916,667
Vehicle loan from Non-Banking Financial Companies (refer Note 2 below)	2,020,124	1,438,980	2,721,571	1,242,360
	2,020,124	1,438,980	2,721,571	4,159,027
Unsecured				
Loan from bank	-	-	-	5,567,431
Loan from Non-Banking Financial Companies	-	373,460	-	4,415,758
	-	373,460	-	9,983,189
	2,020,124	1,812,440	2,721,571	14,142,216

Notes:

- 1 First charge on office premises located at Marathon Nextgen Realty Limited, Lower Parel (Mumbai) and second charge on all present and future movable fixed assets. It is repayable in 59 equated monthly instalments of Rs 5,83,333/- (excluding interest) each commencing from September 2012 onwards.
- 2 Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 84 equated monthly instalments of Rs 48,200/- each (including interest), commencing from November 2013 onwards.
- 3 Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 35 equated monthly instalments of Rs 16,385/- each (including interest), commencing from May, 2017 onwards.

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 6 Deferred tax liabilities (net)

- (a) Tax effect of items constituting deferred tax liabilities
On difference between book balance and tax balance of fixed assets
- (b) Tax effect of items constituting deferred tax assets
Provision for compensated absences, gratuity and other employee benefits

As at March 31, 2018	As at March 31, 2017
1,664,453	1,149,684
186,838	-
1,477,615	1,149,684

Note 7 Short-term borrowings

- Secured
Loans repayable on demand from banks :
Cash credit facility (refer Note 1 & 2 below)
Working capital demand loan (refer Note 2 below)

As at March 31, 2018	As at March 31, 2017
34,919,481	68,246,319
-	60,000,000
34,919,481	128,246,319

Notes:

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

Note 8 Trade payables

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

As at March 31, 2018	As at March 31, 2017
-	-
87,781,470	128,647,167
87,781,470	128,647,167

Note:

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

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 9 Other current liabilities

- (a) Current maturities of long-term debt (refer Note 5 Long-term borrowings)
- (b) Statutory remittances:
- Tax deducted at source and equilisation levy payable
 - Provident fund, ESIC and Profession Tax payable
 - Service tax, VAT and WCT payable
 - Goods and Service Tax payable
- (c) Trade / security deposits received
- (d) Advances received from customers
- (e) Payables to employees

As at March 31, 2018	As at March 31, 2017
1,812,440	14,142,216
7,620,008	14,489,153
11,297,325	10,502,045
3,541	8,095,061
47,753,202	-
77,730	75,030
-	-
44,235	130,950
68,608,480	47,434,455

Note 10 Short-term provisions

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

As at March 31, 2018	As at March 31, 2017
228,009	-
228,009	-

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 11 Fixed Assets

Particulars	Gross Block				Depreciation			
	Balance as at April 1, 2017	Additions	Disposals	Balance as at March 31, 2018	Balance as at April 1, 2017	Depreciation for the Year	On disposals	Balance as at March 31, 2018
I. Tangible fixed assets								
Office Premises	69,556,253	-	-	69,556,253	17,193,419	2,547,357	-	19,740,776
	69,556,253	-	-	69,556,253	14,505,063	2,688,356	-	17,193,419
Plant and Machinery	6,042,677	2,983,109	-	9,025,786	4,045,267	515,528	-	4,560,795
	6,042,677	-	-	6,042,677	3,460,032	585,235	-	4,045,267
Electrical Installation	3,047,158	-	-	3,047,158	1,884,743	306,205	-	2,190,948
	3,047,158	-	-	3,047,158	1,468,848	415,895	-	1,884,743
Furniture and Fixtures	10,521,851	170,000	1,215	10,690,636	8,642,712	534,641	-	9,177,353
	10,395,236	126,615	-	10,521,851	7,912,197	730,515	-	8,642,712
Office Equipments	10,896,846	291,122	-	11,187,967	10,346,489	248,987	-	10,595,476
	10,757,885	138,961	-	10,896,846	9,780,485	566,004	-	10,346,489
Computers	34,657,607	1,358,835	-	36,016,442	33,563,853	737,104	-	34,300,957
	33,926,673	730,934	-	34,657,607	32,790,780	773,073	-	33,563,853
Vehicles	18,783,854	751,359	-	19,535,213	12,407,179	2,240,137	-	14,647,316
	14,570,089	4,313,300	99,535	18,783,854	9,857,488	2,549,691	-	12,407,179
Total - I	153,506,246	5,554,425	1,215	159,059,455	88,083,662	7,129,958	-	95,213,620
Total - Previous year	148,295,971	5,309,810	99,535	153,506,246	79,774,893	8,308,769	-	88,083,662
II. Intangible fixed assets								
Softwares	328,350	208,600	-	536,950	68,541	98,345	-	166,886
	26,250	302,100	-	328,350	1,816	66,725	-	68,541
Total - II	328,350	208,600	-	536,950	68,541	98,345	-	166,886
Total - Previous year	26,250	302,100	-	328,350	1,816	66,725	-	68,541
Total (I + II)	153,834,596	5,763,025	1,215	159,596,405	88,152,203	7,228,303	-	95,380,506
Previous Year	148,322,221	5,611,910	99,535	153,834,596	79,776,709	8,375,494	-	88,152,203

Note 1: Figures in italics are previous year figures.

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 12 Non-current investments

Trade investments (at cost)

Subsidiary companies

- (a) Fully paid equity shares (unquoted)
Aarvi Engineering & Consultants Private Limited (wholly owned subsidiary)
20,000 (previous year: 20,000) equity shares of Rs. 100/- each
Aarvi Encon FZE (wholly owned subsidiary)
1 (previous year: 1) equity shares of UAE dirham 1,50,000/- each
- (b) Joint Venture
Aarvi Encon Arabia (30% Share) (Refer Note No 33)

As at March 31, 2018	As at March 31, 2017
4,011,928	4,011,928
2,722,500	2,722,500
-	-
6,734,428	6,734,428

Note 13 Long-term loan and advances

(Unsecured, considered good unless otherwise stated)

- (a) Capital advances
- (b) Security deposits including earnest money deposit
- © Advance income tax (net of provisions Rs. 20,30,26,355/-
(As at March 31, 2017 Rs.16,21,27,273/-))
- (d) Prepaid expenses

As at March 31, 2018	As at March 31, 2017
6,924,570	5,904,570
24,799,183	7,372,028
126,880,976	108,526,192
6,694	-
158,611,423	121,802,790

Note 14 Other non-current assets

(Unsecured, considered good unless otherwise stated)

Fixed Deposits with Banks
Balances held as margin money or security against borrowings,
guarantees and other commitments
Deposits with bank having original maturity more than 12 months

As at March 31, 2018	As at March 31, 2017
32,309,356	26,860,436
40,000,000	-
72,309,356	26,860,436

Note 15 Trade receivables

(Unsecured, considered good unless otherwise stated)

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

As at March 31, 2018	As at March 31, 2017
32,178,480	25,886,775
354,558,845	297,152,422
386,737,325	323,039,197

Note 16 Cash and bank balances

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

As at March 31, 2018	As at March 31, 2017
96,275	226,115
547,775	-
2,062,480	50,894,633
50,000,000	-
2,951,172	9,593,463
10,627,795	4,127,795
66,285,497	64,842,005



Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

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

- (a) Loans and advances to related parties
Aarvi Engineering And Consultants Private Limited
- (b) Security deposits including earnest money deposit
- (c) Loans and advances to employees
- (d) Prepaid expenses
- (e) Advances to vendors
- (f) Balances with government authorities
 - (i) Service Tax credit receivable
 - (ii) Other taxes recoverable

As at March 31, 2018	As at March 31, 2017
-	2,889,573
6,891,772	19,168,159
1,694,383	656,573
4,241,823	2,639,519
1,370,304	520,217
-	12,679
-	-
14,198,281	25,886,720

Note 18 Other current assets

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

As at March 31, 2018	As at March 31, 2017
7,047,688	4,868,177
4,123,572	-
1,134,592	447,675
12,305,852	5,315,851

Note 19 Revenue from operations

- Sale of services
- Manpower supply and consultancy fees

As at March 31, 2018	As at March 31, 2017
1,688,763,991	1,462,237,492
1,688,763,991	1,462,237,492

Note 20 Other income

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

As at March 31, 2018	As at March 31, 2017
4,303,442	2,042,493
204,740	179,454
7,546,139	1,046,790
8,285	76,676
108,300	-
4,237	8,308
12,175,143	3,353,721

Note 21 Direct expenses

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

As at March 31, 2018	As at March 31, 2017
122,751,681	75,160,852
1,099,150,667	908,902,638
248,936,765	275,797,793
7,131,678	6,147,022
3,717,480	6,014,524
86,514	192,683
984,417	4,244,497
1,482,759,201	1,276,460,009

Aarvi Encon Limited
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Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 22 Employee benefits expenses

	As at March 31, 2018	As at March 31, 2017
(a) Salaries and wages	58,704,456	46,789,013
(b) Remuneration to directors	26,316,981	28,414,411
(c) Staff insurance expenses	848,423	1,118,362
(d) Staff welfare	2,102,451	4,694,138
(e) Training and seminar expenses	426,119	416,063
	88,398,430	81,431,987

Note 23 Finance cost

	As at March 31, 2018	As at March 31, 2017
Interest expenses		
(a) On borrowings	9,730,602	14,385,754
(b) On vehicle loans	367,267	384,258
(c) On delayed payment of indirect taxes	181,363	120,107
(d) On delayed payment of tax deducted at source	111	229,749
Other borrowing charges	-	1,001,729
	10,279,343	16,121,597

Note 24 Other expenses

	As at March 31, 2018	As at March 31, 2017
(a) Advertisement expenses	1,829,947	1,418,337
(b) Bank charges	1,090,161	1,512,800
(c) Brokerage and commission	420,535	192,200
(d) Business promotion	1,136,427	1,384,739
(e) Travelling and conveyance	2,092,293	3,730,629
(f) Expenditure on Corporate Social Responsibility	1,204,700	1,151,000
(g) Donations and contributions	343,250	20,000
(h) Director's sitting fees	220,000	170,000
(i) Power and fuel	1,936,586	1,811,066
(j) Insurance	380,048	187,621
(k) Internet expenses	858,584	874,960
(l) Legal and professional fees	5,420,771	5,218,212
(m) Payments to auditors (Refer Note below)	1,257,000	600,000
(n) Membership and subscription	187,023	447,412
(o) Repairs and maintenance - buildings	426,846	1,164,122
(p) Repairs and maintenance - offices	1,841,043	1,359,103
(q) Repairs and maintenance - vehicles	303,565	367,383
(r) Printing and stationery	987,994	1,023,609
(s) Miscellaneous expenses	841,796	489,663
(t) Software expenses	885,541	168,435
(u) Communication expenses	2,138,941	2,105,396
(v) Rates and taxes	325,516	247,827
(w) Rent	5,386,502	4,462,618
(x) Sundry balances written off	167,146	73,883
(y) Foreign exchange losses (net)	20,218	285,515
	31,702,432	30,466,530

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

	As at March 31, 2018	As at March 31, 2017
For statutory audit	800,000	250,000
For income tax audit	200,000	210,000
For taxation and other matters	257,000	140,000
	1,257,000	600,000

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Notes forming part of the financial statements
(Currency: Indian Rupees)

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

	As at March 31, 2018	As at March 31, 2017
(a) Estimated value of contracts remaining to be executed on capital account (net of capital advances)	52,620,000	620,000
(b) Disputed Income Tax demands for which the company has preferred appeals - AY 2013-14	-	6,030,720
(c) Gratuity - Associate Employees (The said amount is reimbursable from the clients) (Previous Year : Core Employees)	25,766,934	4,111,110
(d) Bank guarantees	55,473,944	102,039,395
	133,860,878	112,801,225

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

	As at March 31, 2018	As at March 31, 2017
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	Nil	Nil
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	Nil	Nil
(d) The amount of interest due and payable for the year	Nil	Nil
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	Nil	Nil
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	Nil	Nil

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

Note 27 Expenditure in foreign currency

	As at March 31, 2018	As at March 31, 2017
(a) Foreign Travel Expense	800,997	770,270
(b) Professional Fees	-	2,811,356
(c) Reimbursement of Overseas Expenses	-	190,310
(d) Business Promotion Expenses	81,058	80,848
(e) Advertisement Expenses	654,773	-
	1,536,828	3,852,783

Note 28 Earnings in foreign exchange

	As at March 31, 2018	As at March 31, 2017
Sale of services	422,927	17,796,974

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

Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 29 Unhedged foreign currency exposures

Trade receivables

(a) USD

(b) AED

Amount in foreign currency	Amount in INR
3,374	218,929
(52,008)	(3,283,773)
-	-
(8,190)	(134,016)

Note : Figures in italics are previous year figures.

Note 30 Employee benefit plans

30.1 Defined contribution plans

The Company makes contributions towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised Rs 6,36,38,764/- (previous year: Rs 4,64,15,416/-) towards contributions to the following defined contribution plans.

Provident fund

Employee state insurance scheme

For the year ended March 31, 2018	For the year ended March 31, 2017
57,834,177	43,815,086
5,804,587	2,600,330
63,638,764	46,415,416

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

Notes forming part of the financial statements
(Currency: Indian Rupees)

30.2 Defined benefit plans

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

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

i. Details of the Gratuity plan for Core Employees are as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	4,111,110	-
Interest cost	280,861	-
Current service cost	844,439	655,583
Benefit paid from the fund	(94,428)	(124,991)
Actuarial (Gains) / losses on obligations	(339,082)	-
Past service cost	475,109	-
Prior year charge	-	3,580,518
Present value of DBO at the end of the year	5,278,009	4,111,110
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Contributions by the Employer	5,050,000	-
Benefit paid from the fund	-	-
Actuarial gain / (loss)	-	-
Plan assets at the end of the year	5,050,000	-
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,278,009	-
Fair value of plan assets	5,050,000	-
Funded status [Surplus / (Deficit)]	(228,009)	-
Net asset / (liability) recognised in the Balance Sheet		
Composition of the plan assets is as follows		
Insurer managed funds	100%	100%
Expenses recognised in the Statement of Profit or Loss		
Current service cost	844,439	655,583
Net interest cost	280,861	-
Actuarial losses/(gains)	(339,082)	-
Past service cost-Vested	475,109	-
Benefit paid	(94,428)	(124,491)
Prior year charge	-	3,580,518
Total expense recognised in the Statement of Profit and Loss	1,166,899	4,111,610
Balance sheet reconciliation		
Opening net liability	4,111,110	-
Expenses recognised in the Statement of Profit or Loss	1,166,899	4,111,110
Actual company contributions	5,050,000	-
Net liability / (asset) recognized in the Balance Sheet	228,009	4,111,110
Actuarial assumptions		
Discount rate	7.90%	7.20%
Expected return on plan assets	Not applicable	Not applicable
Salary escalation	7.00%	7.00%
Attrition	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages

(ii) The Company recognised Rs.23,80,878/- (March 31, 2017: Rs.17,23,146/-) towards compensated absences.

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

Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 31 Segment reporting

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Primary segment	-	-
(b) Secondary segment		
Revenue (India)	1,688,341,064	1,444,440,518
Revenue (Outside India)	422,927	17,796,974
	1,688,763,991	1,462,237,492

Note 32 Earnings per equity share

	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Profit / (loss) attributable to equity shareholders	61,608,590	35,095,138
(b) Weighted average number of equity shares	12,862,893	1,085,000
(c) Nominal value per ordinary share (Rs.)	10	100
(d) Earnings/(loss) per ordinary share for the year (Rs.) - Basic	4.79	32.35
(e) Earnings/(loss) per ordinary share for the year (Rs.) - Diluted	4.79	32.35

Notes:

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

Note 33 Interest in joint venture

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

Note 34 Related party transactions

34.1 Details of related parties

Description of relationship	Names of related parties
(i) Subsidiary companies	Aarvi Engineering and Consultants Private Limited Aarvi Encon FZE
(ii) Joint controlled entity	Aarvi Encon Arabia
(iii) Key Management Personnel (KMP)	Mr. Virendra Sanghavi, Managing Director Mr. Jaydev Sanghavi, Executive Director and CFO Mr. Jay Shah, Company Secretary
(iv) Relatives of KMP	Mrs. Niranjana V Sanghavi (Wife of Mr. Virendra Sanghavi) 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)
(v) Significant influence	Energyjobz Services Private Limited Aarvi Encon Employees Group Gratuity Fund

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

Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 34 Related party transactions (continued)

34.2 Transactions with related parties

Particulars	Subsidiary	KMP	Relatives of KMP	Total
Remuneration to directors				
Mr. Virendra Sanghavi	-	14,494,425	-	14,494,425
	-	(15,703,224)	-	(15,703,224)
Mr. Jaydev Sanghavi	-	11,822,556	-	11,822,556
	-	(12,711,187)	-	(12,711,187)
Rent				
Mrs. Niranjana V Sanghavi	-	1,440,000	-	1,440,000
	-	(480,000)	-	(480,000)
Salaries and wages				
Mrs. Naini N. Kulkarni	-	-	1,387,500	1,387,500
	-	-	(1,050,000)	(1,050,000)
Mrs. Ami J. Sanghavi	-	-	584,500	584,500
	-	-	(462,000)	(462,000)
Mr. Aditya J. Sanghavi	-	-	-	-
	-	-	(198,000)	(198,000)
Legal and professional fees				
Mr. Ninad Kulkarni	-	-	-	-
	-	-	(50,000)	(50,000)
Mrs. Naini Kulkarni	-	-	-	-
	-	-	(14,375)	(14,375)
Interest income				
Aarvi Engineering And Consultants Pvt Ltd	112,733	-	-	112,733
	(137,443)	-	-	(137,443)
Loan Given				
Aarvi Engineering And Consultants Pvt Ltd	-	-	-	-
	(903,957)	-	-	(903,957)
Dividend paid				
Mr. Virendra Sanghavi	-	1,550,000	-	1,550,000
	-	-	-	-
Mrs. Niranjana V Sanghavi	-	930,000	-	930,000
	-	-	-	-
Mr. Jaydev Sanghavi	-	620,000	-	620,000
	-	-	-	-
Balances outstanding at the end of the year				
Loans and advances				
Aarvi Engineering And Consultants Pvt Ltd	-	-	-	-
	(2,889,573)	-	-	(2,889,573)
Rent Deposit				
Mrs. Niranjana V Sanghavi	-	70,000	-	70,000
	-	(70,000)	-	(70,000)
Outstanding				
Mr. Virendra Sanghavi	-	3,604,171	-	3,604,171
	-	(5,075,666)	-	(5,075,666)
Mr. Jaydev Sanghavi	-	3,448,769	-	3,448,769
	-	(6,698,214)	-	(6,698,214)
Mrs. Niranjana V Sanghavi	-	36,069	-	36,069
	-	(54,000)	-	(54,000)
Mrs. Naini N. Kulkarni	-	99,800	-	99,800
	-	(87,300)	-	(87,300)
Mrs. Ami J. Sanghavi	-	41,800	-	41,800
	-	(38,300)	-	(38,300)
Mr. Aditya J. Sanghavi	-	-	-	-
	-	(21,800)	-	(21,800)

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

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

Notes forming part of the financial statements
(Currency: Indian Rupees)

Note 35 Obligations towards operating leases

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

Non Cancellable Operating Lease

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

Future minimum lease payments

not later than one year

later than one year and not later than five years

later than five years

Lease payments recognised in the Statement of Profit and Loss

	For the year ended March 31, 2018	For the year ended March 31, 2017
	2,431,224	2,431,224
	10,008,528	12,439,752
	5,386,502	4,462,618

Note 36 Utilization of IPO Proceeds as under:

Sr. No.	Particulars	As per the Prospectus dated September 14, 2017	Actual Utilization of Issue Proceeds till April 13, 2018	Unutilized Issue Proceeds till April 13, 2018	Deviation, if any
1	Working Capital Requirements	107,800,000	148,539,257	-	-40,739,257
2	Acquisitions and Other Strategic Initiatives	40,000,000	-	40,000,000	-
3	General Corporate Purposes	41,500,000	-	-	41,500,000
4	Issue Expenses	23,136,000	23,896,743	-	-760,743

Note 37. Corporate Social Responsibility

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

a) Gross amount required to be spent by the Company during the year

b) Amount spent during the year

i) Construction/ acquisition of any asset

ii) On purposes other than (I) above

	For the year ended March 31, 2018	For the year ended March 31, 2017
	1,196,967	1,381,863
	-	-
	1,204,700	1,151,000

Note 38. Events occurring after the Balance Sheet Date

The board of directors of the company has proposed a dividend of 5% per share vide resolution dated May 19, 2018. However, the same is subject to approval of shareholders in Annual General Meetings.

Note 39. Previous year's figures

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

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018

INDEPENDENT AUDITOR'S REPORT

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

Report on Consolidated Financial Statements

We have audited accompanying consolidated financial statements of Aarvi Encon Limited (the "company") and its subsidiaries (Collectively referred to as 'the company' or 'The Group') which comprise the Consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

The respective Board of Directors of the Company included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

We believe that the audit evidence obtained by us and by other auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statement.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India of the consolidated state of affairs of the Company as at 31st March 2018 and its consolidated profit and its consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of foreign subsidiary, whose financial statements reflect total assets of Rs.4,39,81,821/- as at 31st March, 2018, total revenue of Rs.4,60,79,026/- and net cash flow of Rs.1,03,01,411/- 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.

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

Report on other Legal and Regulatory Requirements

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

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 consolidated Balance Sheet, the consolidated Statement of Profit and loss and consolidated Cash Flow Statements dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid consolidated financial statements comply with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2018 and taken on record by the Board of Directors of the holding company, none of the directors of the group companies incorporated in India is disqualified as on 31 March, 2018, 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 and the operating effectiveness of such controls, refer to our report in 'Annexure A', which is based on the auditors' reports of

the subsidiary companies incorporated in India.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the 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.

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

**Sd/-
Arvind Shah
(Proprietor)
Membership No. 100/31224**

Place : Mumbai.

Date : 19th May, 2018

Aarvi Encon Limited

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

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

In conjunction with our Audit of the consolidated Financial Statements of the holding Company as of and for the year ended 31st March, 2018, 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's and its Subsidiaries, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal

financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary companies which are incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting commensurate to its size and nature of business and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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**

**Sd/-
Arvind Shah
(Proprietor)
Membership No. 100/31224**

**Place: Mumbai.
Date: 19th May, 2018**

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

Consolidated Balance Sheet as at March 31, 2018
(Currency: Indian Rupees)

	Note	As at March 31, 2018	As at March 31, 2017
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	147,840,000	31,000,000
(b) Reserves and surplus	4	477,853,011	324,581,425
		625,693,011	355,581,425
2 Non-current liabilities			
(a) Long-term borrowings	5	2,644,569	3,359,103
(b) Deferred tax liabilities (net)	6	1,477,615	1,570,382
(c) Long term provisions	7	91,976	91,976
		4,214,160	5,021,461
3 Current liabilities			
(a) Short-term borrowings	8	34,919,481	127,616,094
(b) Trade payables	9	88,094,298	131,433,404
(c) Other current liabilities	10	74,097,568	52,316,744
(d) Short-term provisions	11	715,509	-
		197,826,856	311,366,243
TOTAL		827,734,026	671,969,128
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	64,293,742	70,790,321
(ii) Intangible assets	12	2,381,992	2,271,737
		66,675,734	73,062,058
(b) Deferred tax assets (net)	13	1,427,263	-
(c) Long-term loans and advances	14	158,776,371	121,986,187
(d) Other non-current assets	15	72,309,356	26,860,436
		232,512,990	148,846,623
2 Current assets			
(a) Trade receivables	16	410,128,277	355,291,963
(b) Cash and cash equivalents	17	87,348,382	66,455,486
(c) Short-term loans and advances	18	18,762,791	22,997,147
(d) Other current assets	19	12,305,852	5,315,851
		528,545,302	450,060,448
TOTAL		827,734,026	671,969,128
See accompanying notes forming part of the financial statements	1-35		

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2018
(Currency: Indian Rupees)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
1 Revenue from operations	20	1,734,843,017	1,531,944,765
2 Other income	21	15,293,526	3,384,105
3 Total revenue (1+2)		1,750,136,543	1,535,328,870
4 Expenses			
(a) Direct expenses	22	1,482,759,202	1,276,460,009
(b) Employee benefits expense	23	110,827,025	122,814,520
(c) Finance costs	24	10,279,343	16,284,656
(d) Depreciation and amortisation expense	12	7,627,758	8,910,923
(e) Other expenses	25	43,221,181	39,667,216
Total expenses		1,654,714,509	1,464,137,324
5 Profit before exceptional and extraordinary items and tax (3 - 4)		95,422,034	71,191,546
6 Exceptional items		-	-
7 Profit before extraordinary items and tax (5 + 6)		95,422,034	71,191,546
8 Extraordinary items		-	-
9 Profit before tax (7 + 8)		95,422,034	71,191,546
10 Tax expense / (benefit):			
(a) Current tax expense		20,062,500	17,500,000
(b) Short / (Excess) provision for tax relating to prior years		(865,096)	-
(c) Net current tax expense		19,197,404	17,500,000
(d) Deferred tax		(1,520,030)	140,458
Net tax expense / (benefit)		17,677,374	17,640,458
11 Profit from continuing operations (9 - 10)		77,744,660	53,551,088
12 Profit from discontinuing operations		-	-
13 Profit for the year (11 + 12)		77,744,660	53,551,088
Earnings per equity share			
Basic & diluted		6.04	49.36
Nominal value of each share		10.00	100.00
See accompanying notes forming part of the financial statements 1-35			

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018


Aarvi Encon Limited

(Formerly known as Aarvi Encon Private Limited)

Consolidated Cash Flow Statement for the year ended March 31, 2018

(Currency: Indian Rupees)

Particulars	As at March 31, 2018	As at March 31, 2017
A. Cash flow from operating activities		
Profit / (Loss) before extraordinary items and tax	95,422,035	71,191,546
Adjustments for:		
Depreciation and amortisation expense	7,627,759	8,910,923
Profit on sale / write off of assets	(3,238,121)	-
Finance costs	10,279,343	117,084
Interest income	(11,941,588)	(3,299,121)
Liabilities / provisions no longer required written back	(243,512)	-
Net unrealised exchange (gain) / loss	(422,743)	-
Operating profit / (loss) before working capital changes	97,483,173	76,920,433
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(54,836,315)	(79,161,393)
Short-term loans and advances	7,123,929	(20,984,840)
Long-term loans and advances	(17,415,400)	20,397,069
Other current assets	(6,990,001)	-
Other non-current assets	(45,448,920)	(9,377,214)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(43,095,590)	37,457,217
Other current liabilities	21,988,507	21,622,353
Short-term provisions	(3,883,101)	(625,037)
Non-current liabilities	-	-
Cash generated from operations	(45,073,716)	46,248,587
Net income tax (paid) / refunds	(28,703,168)	(40,058,000)
Net cash flow from / (used in) operating activities (A)	(73,776,885)	6,190,587
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(6,783,025)	(5,611,910)
Proceeds from sale of fixed assets	7,759,711	99,535
Bank balances not considered as Cash and cash equivalents	(6,500,000)	1,000,000
Interest received	11,941,588	2,101,382
Net cash flow from / (used in) investing activities (B)	6,418,274	(2,410,992)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	212,436,000	-
Expenses incurred on issue of equity shares	(23,896,743)	-
Proceeds from long term borrowings	(909,131)	637,532
Repayment of long-term borrowings	(13,091)	(1,896,141)
Proceeds from short term borrowings	(93,326,839)	48,702,577
Repayment of short-term borrowings	(12,538,691)	(2,480,019)
Finance costs	-	(117,084)
Dividends paid	-	(3,100,000)
Tax on dividend	-	(629,222)
Net cash flow from / (used in) financing activities (C)	81,751,505	41,117,644
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	14,392,895	44,897,238
Cash and cash equivalents at the beginning of the year	62,327,692	17,430,453
Cash and cash equivalents at the end of the year	76,720,587	62,327,691
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and bank balances (Refer Note 17)	87,348,382	66,455,486
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: #In earmarked accounts		
- Term deposit with bank pledged/liened	10,627,795	4,127,795
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17	76,720,587	62,327,691
Cash and balance at the end of the year	87,348,382	66,455,486

In terms of our report attached.

For Arvind H. Shah & Co.

Chartered Accountants

Firm Registration No. 100577W

Sd/-

Arvind H. Shah

Proprietor

Membership No. 031224

Place : Mumbai

Date : May 19, 2018

For and on behalf of the Board of Directors

Sd/-

Virendra D. Sanghavi

Managing Director

DIN:00759176

Sd/-

Jay H. Shah

Company Secretary & Compliance Officer

Membership No. A45556

Place : Mumbai

Date : May 19, 2018

Sd/-

Jaydev V. Sanghavi

Executive Director & CFO

DIN:00759042

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

Notes forming part of the consolidated financial statements
for the year ended March 31, 2018

1 Corporate information

"Aarvi Encon Limited (referred to as "the Company") is a Human Resource Company, offering capable manpower resources to businesses. The Company was incorporated as Aarvi Encon Private Limited under the provisions of the Companies Act 1956 vide certificate of incorporation dated December 03, 1987, issued by the Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of the Company was changed to Aarvi Encon Limited pursuant to conversion into a public company vide Shareholders' approval on June 13, 2017 and fresh certificate of incorporation dated July 05, 2017 issued. The Company undertook an Initial Public issue of equity shares and subsequently got its equity shares listed on the National Stock Exchange, Emerge (SME Segment) with effect from 05.10.2017."

2 Significant accounting policies

2.1 Basis of accounting and preparation of consolidated financial statements

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

2.2 Principles of consolidation

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

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

(i) 'The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets,

liabilities, income and expenses. Inter-company balances and transactions an unrealised profits or losses have been fully eliminated.

(ii) In case of foreign subsidiaries, revenue items are consolidated at average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on the consolidation is recognised in "Foreign Currency Translation Reserve".

(iii) Profits or losses resulting from intra-group transactions that are recognised in assets such as inventory and property, plant & equipment, are eliminated in full.

(iv) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parents portion of equity of each subsidiary.

(v) Non-controlling interest's share of profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

(vi) Non-controlling interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the consolidated balance sheet separate from liability and equity of the Company's shareholders.

2.3 Use of estimates

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

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

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

2.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future

cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Fixed Assets (Tangible / Intangible)

Tangible fixed assets

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

Capital work-in-progress:

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

Intangible assets:

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

2.7 Depreciation and amortisation

Tangible Assets

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

Intangible Assets

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

2.8 Impairment of assets

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

2.9 Leases

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

2.10 Investments

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

2.11 Revenue recognition

Income from services

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

2.12 Other income

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

2.13 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

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

Treatment of exchange differences

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

2.14 Employee benefits

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

Defined contribution plans

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

Defined benefit plans

"For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is

amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. In addition to the above, the Company does not recognise its liability in respect of gratuity for associate employees and its right of reimbursement as an asset."

Short-term employee benefits

"The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under : (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur."

Long-term employee benefits

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

2.15 Borrowing costs

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

2.16 Earnings per share

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

2.17 Taxes on income

Tax expenses comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right to set off current tax assets against current tax liabilities and deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company recognises/writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, the sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is substantially reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax assets will be realised."

2.18 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to

settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.19 Share issue expenses

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

2.20 Insurance claims

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

2.21 Goods and service tax input credit

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

2.22 Operating Cycle

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

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

3 Share capital

Authorised

"1,50,00,000 equity shares of Rs.10/- each (March 31, 2017: 10,00,000 equity shares of Rs. 100/- each) "

Issued, Subscribed and Fully paid up

"1,47,84,000 equity shares of Rs.10/- each
(March 31, 2017: 310,000 equity shares of Rs. 100/- each) "

As at March 31, 2018	As at March 31, 2017
150,000,000	100,000,000
147,840,000	31,000,000

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares				
Opening balance	310,000	31,000,000	310,000	31,000,000
Subdivision of shares (Refer Note 1 below)	2,790,000	-		
Issue of Bonus Shares (Refer Note 2 below)	7,750,000	77,500,000		
Fresh Issue of shares during the year (Refer Note 3 below)	3,934,000	39,340,000		
Closing balance	14,784,000	147,840,000	310,000	31,000,000

Notes:

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

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

3 The Company has issued and allotted 39,34,000 equity shares of Rs. 10/- each at a premium of Rs. 44/- per share as per Board resolution dated September 29, 2017.

3b Rights, preferences and restrictions attached to equity shares

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

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

	As at March 31, 2018		As at March 31, 2017	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Equity Shares				
Mr. Virendra D. Sanghavi	4,340,000	29.36%	155,000	50.00%
Mrs. Niranjana V. Sanghavi	3,255,000	22.02%	93,000	30.00%
Mr. Jaydev V. Sanghavi	2,170,000	14.68%	62,000	20.00%

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 4 Reserves and surplus

	As at March 31, 2018	As at March 31, 2017
(a) General reserve		
Opening & closing balance	56,736,562	56,736,562
(b) Securities premium account		
Opening balance	-	-
Add : Premium on shares issued during the year	173,096,000	-
Less : Utilised during the year for:		
Writing off shares issue expenses	23,896,743	-
Closing balance	149,199,257	-
(c) Foreign currency translation reserve		
Opening balance	(15,900)	-
Add / (Less): Effect of foreign exchange rate variations during the year	(422,743)	(15,900)
Closing balance	(438,643)	(15,900)
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	267,860,763	222,379,793
Add: Profit / (Loss) for the year	77,744,661	53,551,088
Provision for tax of earlier year 2013-14	8,361,520	-
Reversal of Minority Interest	-	4,214,131
Less: Interim dividend	-	3,100,000
Tax on dividend	-	629,222
Provision for tax of earlier year 2013-14	-	8,555,027
Issuing bonus shares	77,500,000	-
Provision for gratuity	4,111,110	-
Closing balance	272,355,834	267,860,763
	477,853,011	324,581,425

Note 5 Long-term borrowings

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Secured				
Term loan from bank (refer Note 1 below)	-	-	-	2,916,667
Vehicle loan from Non-Banking Financial Companies (refer Note 2 below)	2,020,124	1,438,980	2,721,571	1,242,360
Unsecured				
Loan from bank	-	-	-	5,567,431
Loan from Non-Banking Financial Companies	-	373,460	-	4,415,758
Other loans from individual	624,445	-	637,532	-
Total	2,644,569	1,812,440	3,359,103	14,142,216

Notes:

- 1 First charge on office premises located at Marathon Nextgen Realty Limited, Lower Parel (Mumbai) and second charge on all present and future movable fixed assets. It is repayable in 59 equated monthly instalments of Rs 5,83,333/- (excluding interest) each commencing from September 2012 onwards.
- 2 Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 84 equated monthly instalments of Rs 48,200/- each (including interest), commencing from November 2013 onwards.
- 3 Vehicle loan is secured by hypothecation of Motor Vehicle purchased with the loan amount. It is repayable in 35 equated monthly instalments of Rs 16,385/- each (including interest), commencing from May, 2017 onwards.

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 6 Deferred tax liabilities (net)

- (a) Tax effect of items constituting deferred tax liabilities
On difference between book balance and tax balance of fixed assets
(b) Tax effect of items constituting deferred tax assets
Provision for compensated absences, gratuity and other employee benefits
Carry forward of unabsorbed depreciation and business losses

As at March 31, 2018	As at March 31, 2017
1,664,453	1,570,382
186,838	-
1,477,615	1,570,382

Note 7 Long-term provisions

Provision for income tax (net)

As at March 31, 2018	As at March 31, 2017
91,976	91,976
91,976	91,976

Note 8 Short-term borrowings

Secured
Loans repayable on demand from banks
Cash credit facility (refer Note 1 & 2 below)
Working capital demand loan (refer Note 2 below)

As at March 31, 2018	As at March 31, 2017
34,919,481	67,616,094
-	60,000,000
34,919,481	127,616,094

Notes:

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

Note 9 Trade payables

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

As at March 31, 2018	As at March 31, 2017
-	-
88,094,298	131,433,404
88,094,298	131,433,404

Note:

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

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 10 Other current liabilities

- (a) Current maturities of long-term debt (refer Note 5 Long-term borrowings)
- (b) Statutory remittances:
- Tax deducted at source and equilisation levy payable
 - Provident fund, ESIC and Profession Tax payable
 - Service tax, VAT and WCT payable
 - Goods and Service Tax payable
- (c) Trade / security deposits received
- (d) Advances received from customers
- (e) Payables to employees
- (f) Others

As at March 31, 2018	As at March 31, 2017
1,812,440	14,142,216
7,620,008	14,506,888
11,297,325	10,502,045
3,541	8,095,061
47,753,202	-
77,730	75,030
-	-
4,539,235	130,950
994,088	4,864,554
74,097,568	52,316,744

Note 11 Short-term provisions

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

As at March 31, 2018	As at March 31, 2017
228,009	-
487,500	-
715,509	-

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 12 Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	Balance as at April 1, 2017	Additions	Disposals	Balance as at March 31, 2018	Balance as at April 1, 2017	Depreciation for the Year	On Disposals	Balance as at March 31, 2018	Balance as at March 31, 2018
I. Tangible fixed assets									
Office Premises	76,503,743	-	6,947,490	69,556,253	19,487,020	2,770,489	2,516,733	19,740,776	49,815,477
	<i>76,503,743</i>	-	-	<i>76,503,743</i>	<i>16,553,722</i>	<i>2,933,298</i>	-	<i>19,487,020</i>	<i>57,016,723</i>
Plant and Machinery	6,042,677	2,983,109	-	9,025,786	4,045,267	515,528	-	4,560,795	4,464,991
	<i>6,042,677</i>	-	-	<i>6,042,677</i>	<i>3,460,032</i>	<i>585,235</i>	-	<i>4,045,267</i>	<i>1,997,410</i>
Electrical Installation	3,047,158	-	-	3,047,158	1,884,743	306,205	-	2,190,948	856,210
	<i>3,047,158</i>	-	-	<i>3,047,158</i>	<i>1,468,848</i>	<i>415,895</i>	-	<i>1,884,743</i>	<i>1,162,415</i>
Furniture and Fixtures	11,792,055	170,000	1,215	11,960,840	9,601,748	590,962	-	10,192,710	1,768,130
	<i>11,665,440</i>	<i>126,615</i>	-	<i>11,792,055</i>	<i>8,802,464</i>	<i>799,284</i>	-	<i>9,601,748</i>	<i>2,190,307</i>
Office Equipments	11,003,898	291,122	-	11,295,019	10,420,248	253,804	-	10,674,052	620,968
	<i>10,864,937</i>	<i>138,961</i>	-	<i>11,003,898</i>	<i>9,848,612</i>	<i>571,636</i>	-	<i>10,420,248</i>	<i>583,650</i>
Computers	35,736,529	1,358,835	-	37,095,364	34,368,469	846,826	-	35,215,295	1,880,069
	<i>35,005,595</i>	<i>730,934</i>	-	<i>35,736,529</i>	<i>33,412,526</i>	<i>955,943</i>	-	<i>34,368,469</i>	<i>1,368,060</i>
Vehicles	19,611,575	751,359	827,721	19,535,213	13,139,819	2,245,600	738,103	14,647,316	4,887,897
	<i>15,397,810</i>	<i>4,313,300</i>	<i>99,535</i>	<i>19,611,575</i>	<i>10,556,912</i>	<i>2,582,907</i>	-	<i>13,139,819</i>	<i>6,471,756</i>
Total - I	163,737,635	5,554,425	7,776,426	161,515,633	92,947,314	7,529,413	3,254,836	97,221,891	64,293,742
Total - Previous year	<i>158,527,360</i>	<i>5,309,810</i>	<i>99,535</i>	<i>163,737,635</i>	<i>84,103,116</i>	<i>8,844,198</i>	-	<i>92,947,314</i>	<i>70,790,321</i>
II. Intangible fixed assets									
Softwares	328,350	208,600	-	536,950	68,541	98,345	-	166,886	370,064
	<i>26,250</i>	<i>302,100</i>	-	<i>328,350</i>	<i>1,816</i>	<i>66,725</i>	-	<i>68,541</i>	<i>259,809</i>
Goodwill on Consolidation (Refer Note No 2)	2,011,928	-	-	2,011,928	-	-	-	-	2,011,928
	<i>2,011,928</i>	-	-	<i>2,011,928</i>	-	-	-	-	<i>2,011,928</i>
Total - II	2,340,278	208,600	-	2,548,878	68,541	98,345	-	166,886	2,381,992
Total - Previous year	<i>26,250</i>	<i>302,100</i>	-	<i>328,350</i>	<i>1,816</i>	<i>66,725</i>	-	<i>68,541</i>	<i>2,271,737</i>
Total (I + II)	166,077,913	5,763,025	7,776,426	164,064,511	93,015,855	7,627,758	3,254,836	97,388,777	66,675,734
Previous Year	<i>158,553,610</i>	<i>5,611,910</i>	<i>99,535</i>	<i>164,065,985</i>	<i>84,104,932</i>	<i>8,910,923</i>	-	<i>93,015,855</i>	<i>73,062,058</i>

Note 1: Figures in italics are previous year figures.

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

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

Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 13 Deferred tax assets (net)

Tax effect of items constituting deferred tax assets
Carry forward of unabsorbed depreciation and business losses
On difference between book balance and tax balance of fixed assets

As at March 31, 2018	As at March 31, 2017
1,362,701	-
64,562	-
1,427,263	-

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

- (a) Capital advances
(b) Security deposits including earnest money deposit
(c) Advance income tax (net of provisions Rs. 20,30,26,355/-
(As at March 31, 2017 Rs.16,21,27,273/-))
(d) Prepaid expenses

As at March 31, 2018	As at March 31, 2017
6,924,570	5,904,570
24,964,131	7,555,425
126,880,976	108,526,192
6,694	-
158,776,371	121,986,187

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

Fixed Deposits with Banks
Balances held as margin money or security against borrowings,
guarantees and other commitments
Deposits with bank having original maturity more than 12 months

As at March 31, 2018	As at March 31, 2017
32,309,356	26,860,436
40,000,000	-
72,309,356	26,860,436

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

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

As at March 31, 2018	As at March 31, 2017
32,178,478	25,886,775
377,949,799	329,405,188
410,128,277	355,291,963

Note 17 Cash and bank balances

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

As at March 31, 2018	As at March 31, 2017
166,686	302,875
547,775	-
23,054,954	52,431,354
50,000,000	-
2,951,172	9,593,463
10,627,795	4,127,795
87,348,382	66,455,486

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Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

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

- (a) Security deposits including earnest money deposit
- (b) Loans and advances to employees
- (c) Prepaid expenses
- (d) Advances to vendors
- (e) Balances with government authorities
- Service Tax credit receivable

As at March 31, 2018	As at March 31, 2017
11,456,282	19,168,159
1,694,383	656,573
4,241,823	2,639,519
1,370,304	520,217
-	12,679
18,762,791	22,997,147

Note 19 Other current assets

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

As at March 31, 2018	As at March 31, 2017
7,047,688	4,868,177
4,123,572	-
1,134,592	447,675
12,305,852	5,315,851

Note 20 Revenue from operations

- Sale of services
- Manpower supply and consultancy fees

As at March 31, 2018	As at March 31, 2017
1,734,843,017	1,531,944,765
1,734,843,017	1,531,944,765

Note 21 Other income

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

As at March 31, 2018	As at March 31, 2017
4,303,442	2,042,493
92,007	42,011
7,546,139	1,214,617
3,102,909	76,676
243,512	-
5,517	8,308
15,293,526	3,384,105

Note 22 Direct expenses

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

As at March 31, 2018	As at March 31, 2017
122,751,681	75,160,852
1,099,150,667	908,902,638
248,936,765	275,797,793
7,131,678	6,147,022
3,717,480	6,014,524
86,514	192,683
984,417	4,244,497
1,482,759,202	1,276,460,009

Aarvi Encon Limited
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Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 23 Employee benefits expenses

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

As at March 31, 2018	As at March 31, 2017
80,330,788	79,468,709
26,316,981	28,414,411
848,423	1,215,697
2,904,714	13,299,640
426,119	416,063
110,827,025	122,814,520

Note 24 Finance cost

Interest expenses

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

Other borrowing charges

As at March 31, 2018	As at March 31, 2017
9,730,602	14,548,813
367,267	384,258
181,363	120,107
111	229,749
-	1,001,729
10,279,343	16,284,656

Note 25 Other expenses

- a) Advertisement expenses
- (b) Bank charges
- (c) Brokerage and commission
- (d) Business promotion
- (e) Travelling and conveyance
- (f) Expenditure on Corporate Social Responsibility
- (g) Donations and contributions
- (h) Director's sitting fees
- (i) Power and fuel
- (j) Insurance
- (k) Internet expenses
- (l) Legal and professional fees
- (m) Payments to auditors (Refer Note below)
- (n) Membership and subscription
- (o) Repairs and maintenance - buildings
- (p) Repairs and maintenance - offices
- (q) Repairs and maintenance - vehicles
- (r) Printing and stationery
- (s) Miscellaneous expenses
- (t) Software expenses
- (u) Communication expenses
- (v) Rates and taxes
- (w) Rent
- (x) Sundry balances written off
- (y) Foreign exchange losses (net)

As at March 31, 2018	As at March 31, 2017
1,829,947	1,418,337
1,207,648	1,513,433
420,535	192,200
1,136,427	1,384,739
3,888,251	4,117,125
1,204,700	1,151,000
343,250	20,000
220,000	170,000
1,936,586	1,811,066
423,453	193,624
858,584	874,960
14,868,742	13,748,840
1,257,000	600,682
187,023	447,412
426,846	1,164,122
1,917,671	1,440,798
303,565	367,383
987,994	1,028,334
841,796	489,663
885,541	168,435
2,140,247	2,109,693
361,392	247,827
5,386,502	4,462,618
167,264	259,410
20,218	285,515
43,221,181	39,667,216

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

- For statutory audit
- For income tax audit
- For taxation matters

As at March 31, 2018	As at March 31, 2017
800,000	250,000
200,000	210,000
257,000	140,000
1,257,000	600,000

Aarvi Encon Limited
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Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

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

- a) Estimated value of contracts remaining to be executed on capital account (net of capital advances)
(b) Disputed Income Tax demands for which the company has preferred appeals - AY 2013-14
© "Gratuity - Associate Employees (The said amount is reimbursable from the clients) (Previous Year : Core Employees)"
(d) Bank guarantees

As at March 31, 2018	As at March 31, 2017
52,620,000	620,000
-	6,030,720
25,766,934	4,111,110
55,473,944	102,039,395
133,860,878	112,801,225

Note 27 Employee benefit plans

27.1 Defined contribution plans

The Company makes contributions towards Provident Fund and Employee State Insurance Scheme which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised Rs 6,36,38,764/- (previous year: Rs 4,64,15,416/-) towards contributions to the following defined contribution plans.

- Provident fund
Employee state insurance scheme

As at March 31, 2018	As at March 31, 2017
57,834,177	43,896,318
5,804,587	2,600,853
63,638,764	46,497,171

27.2 Defined benefit plans

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

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

- i. Details of the Gratuity plan for Core Employees are as follows:

Change in defined benefit obligations (DBO) during the year

Present value of DBO at beginning of the year

Interest cost

Current service cost

Benefit paid from the fund

Actuarial (Gains) / losses on obligations

Past service cost

Prior year charge

Present value of DBO at the end of the year

Change in fair value of assets during the year

Plan assets at beginning of the year

Expected return on plan assets

Contributions by the Employer

Benefit paid from the fund

Actuarial gain / (loss)

Plan assets at the end of the year

Net asset / (liability) recognised in the Balance Sheet

Present value of defined benefit obligation

Fair value of plan assets

Funded status [Surplus / (Deficit)]

As at March 31, 2018	As at March 31, 2017
4,111,110	-
280,861	-
844,439	896,044
(334,889)	(365,452)
(339,082)	-
475,109	-
-	3,580,518
5,037,548	4,111,110
-	-
-	-
5,050,000	-
-	-
-	-
5,050,000	-
5,037,548	-
5,050,000	-
12,452	-

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Notes forming part of the Consolidated financial statements
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Note 27 Employee benefit plans (continued)

27.2 Defined benefit plans (continued)

Net asset / (liability) recognised in the Balance Sheet
Composition of the plan assets is as follows
Insurer managed funds
Expenses recognised in the Statement of Profit or Loss
Current service cost
Net interest cost
Actuarial losses/(gains)
Past service cost-Vested
Benefit paid
Prior year charge
Total expense recognised in the Statement of Profit and Loss
Balance sheet reconciliation
Opening net liability
Expenses recognised in the Statement of Profit or Loss
Actual company contributions
Net liability / (asset) recognized in the Balance Sheet
Actuarial assumptions
Discount rate
Expected return on plan assets
Salary escalation
Attrition

As at March 31, 2018	As at March 31, 2017
100%	100%
844,439	896,044
280,861	-
(339,082)	-
475,109	-
(94,428)	(364,952)
-	3,580,518
1,166,899	4,111,610
4,111,110	-
1,166,899	4,111,110
5,050,000	-
228,009	4,111,110
7.90%	7.20%
Not applicable	Not applicable
7.00%	7.00%
10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages

(ii) The Company recognised Rs.23,80,878/- (March 31, 2017: Rs.20,57,780/-) towards compensated absences.

Note 28 Segment reporting

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

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

As at March 31, 2018	As at March 31, 2017
-	-
1,688,341,064	1,444,440,518
46,501,953	87,504,247
1,734,843,017	1,531,944,765

Note 29 Earnings per equity share

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

As at March 31, 2018	As at March 31, 2017
77,744,660	53,551,088
12,862,893	1,085,000
10	100
6.04	49.36
6.04	49.36

Notes:

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

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Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 30 Related party transactions

30.1 Details of related parties

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

30.2 Transactions with related parties

Particulars	KMP	Relatives of KMP	Total
Remuneration to directors			
Mr. Virendra D. Sanghavi	14,494,425	-	14,494,425
	(15,703,224)	-	(15,703,224)
Mr. Jaydev V. Sanghavi	11,822,556	-	11,822,556
	(12,711,187)	-	(12,711,187)
Rent			
Mrs. Niranjana V Sanghavi	1,440,000	-	1,440,000
	(480,000)	-	(480,000)
Salaries and wages			
Mrs. Naini N. Kulkarni	-	1,387,500	1,387,500
	-	(1,050,000)	(1,050,000)
Mrs. Ami J. Sanghavi	-	584,500	584,500
	-	(462,000)	(462,000)
Mr. Aditya J. Sanghavi	-	-	-
	-	(198,000)	(198,000)
Legal and professional fees			
Mr. Ninad Kulkarni	-	-	-
	-	(50,000)	(50,000)
Mrs. Naini N. Kulkarni	-	-	-
	-	(14,375)	(14,375)
Dividend paid			
Mr. Virendra D. Sanghavi	1,550,000	-	1,550,000
	-	-	-
Mrs. Niranjana V Sanghavi	930,000	-	930,000
	-	-	-
Mr. Jaydev V. Sanghavi	620,000	-	620,000
	-	-	-
Balances outstanding at the end of the year			
Rent Deposit			
Mrs. Niranjana V Sanghavi	70,000	-	70,000
	(70,000)	-	(70,000)
Outstanding			
Mr. Virendra D. Sanghavi	3,604,171	-	3,604,171
	(5,075,666)	-	(5,075,666)
Mr. Jaydev V. Sanghavi	3,448,769	-	3,448,769
	(6,698,214)	-	(6,698,214)
Mrs. Niranjana V Sanghavi	36,069	-	36,069
	(54,000)	-	(54,000)
Mrs. Naini N. Kulkarni	99,800	-	99,800
	(87,300)	-	(87,300)
Mrs. Ami J. Sanghavi	41,800	-	41,800
	(38,300)	-	(38,300)
Mr. Aditya J. Sanghavi	-	-	-
	(21,800)	-	(21,800)

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

Aarvi Encon Limited
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Notes forming part of the Consolidated financial statements
(Currency: Indian Rupees)

Note 31 Obligations towards operating leases

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

Non Cancellable Operating Lease

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

Future minimum lease payments

not later than one year

later than one year and not later than five years

later than five years

Lease payments recognised in the Statement of Profit and Loss

	For the year ended March 31, 2018	For the year ended March 31, 2017
	2,431,224	2,431,224
	10,008,528	12,439,752
	5,386,502	4,462,618

Note 32 Utilization of IPO Proceeds as under:

Sr. No.	Particulars	As per the Prospectus dated September 14, 2017	Actual Utilization of Issue Proceeds till April 13, 2018	Unutilized Issue Proceeds till April 13, 2018	Deviation, if any
1	Working Capital Requirements	107,800,000	148,539,257	-	-40,739,257
2	Acquisitions and Other Strategic Initiatives	40,000,000	-	40,000,000	-
3	General Corporate Purposes	41,500,000	-	-	41,500,000
4	Issue Expenses	23,136,000	23,896,743	-	-760,743

Note 33 Corporate Social Responsibility

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

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
	1,196,967	1,381,863
	-	-
	1,204,700	1,151,000

Note 34. Events occurring after the Balance Sheet Date

The board of directors of the company has proposed a dividend of 5% per share vide resolution dated May 19, 2018. However, the same is subject to approval of shareholders in Annual General Meetings.

Note 35 Previous year's figures

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

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

Sd/-
Arvind H. Shah
Proprietor
Membership No. 031224

Place : Mumbai
Date : May 19, 2018

For and on behalf of the Board of Directors

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

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

Sd/-
Jay H. Shah
Company Secretary & Compliance Officer
Membership No. A45556

Place : Mumbai
Date : May 19, 2018



AARVI ENCON LIMITED

Regd. Office: B1-603, Marathon Innova, Marathon NextGen,
Lower Parel (W), Mumbai - 400013
CIN: U29290MH1987PLC045499
Phone : 022 4049 9999 Website: www.aarviencon.com

ATTENDANCE SLIP

30th ANNUAL GENERAL MEETING HELD ON FRIDAY, 31ST AUGUST 2018

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

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

I hereby record my presence at the 30th Annual General Meeting of the Company held on Friday, 31st August 2018 at 11.30 am at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai - 400001

Member's/Proxy's Signature

Note:

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



AARVI ENCON LIMITED

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

CIN: U29290MH1987PLC045499

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

FORM NO. MGT - 11

PROXY FORM

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

Name of the Member(s): _____

Registered Address: _____

e-mail ID: _____

Folio No./ DP ID and Client ID: _____

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

1. Name: _____

E-mail ID: _____

Address: _____

Signature

or failing him/her

2. Name: _____

E-mail ID: _____

Address: _____

Signature

or failing him/her

3. Name: _____

E-mail ID: _____

Address: _____

Signature

as my/our proxy to attend and vote for me/us on my/our behalf at the 30th Annual General Meeting of the Company to be held on Friday, 31st August 2018 at 11.30 am at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20 K. Dubash Marg, Behind Prince of Wales Museum, Kalaghoda, Fort, Mumbai - 400001. and at any adjournment thereof and in respect of such resolution as are indicated overleaf:

Resolution No.	Resolution	For*	Against*
1.	Adoption of the Audited Standalone and Consolidated Financial Statement for the financial year ended on March 31, 2018 together with the Reports of the Board of Directors and the Auditors thereon.		
2.	Appointment of Mrs. Niranjana V Sanghavi (DIN: 01773124) a Director retiring by rotation.		
3.	Declaration of Dividend on the Equity Shares of the Company		
4.	Appointment of Dr. Padma V Devarajan (DIN: 08064987), as Director of the Company		

Signed this day of 2018

Note:

1. Proxy need not be a Member

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

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

*Please tick anyone.

Affix
Revenue
Stamp

Signature

NOTES

[illegible]

[illegible]



TANK TERMINALS



CITY GAS DISTRIBUTION



REFINERY / PETROCHEMICALS



RENEWABLE ENERGY



PIPE LINE



If undelivered please return to :

AARVI ENCON LIMITED

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

CIN: U29290MH1987PLC045499

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

Shreehari # 9821168095